

Congressional Record

PROCEEDINGS AND DEBATES OF THE SEVENTY-FIRST CONGRESS FIRST SESSION

SENATE

MONDAY, May 13, 1920

(Legislative day of Tuesday, May 7, 1920)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hattigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 59) to extend the provisions of Public Resolution No. 92, Seventieth Congress, approved February 25, 1920.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 59) to extend the provisions of Public Resolution No. 92, Seventieth Congress, approved February 25, 1920, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Fletcher	King	Sheppard
Ashurst	Frazier	La Follette	Shortridge
Barkley	George	McKellar	Slimmons
Bingham	Gillett	McMaster	Smoot
Black	Glass	McNary	Steck
Blaine	Glenn	Metcalf	Stelwer
Biene	Goff	Moses	Stephens
Borah	Goldsbrough	Norbeck	Swanson
Brookhart	Gould	Norris	Thomas, Idaho
Broussard	Greene	Nye	Thomas, Okla.
Burton	Hale	Oddie	Townsend
Capper	Harris	Overman	Trammell
Caraway	Harrison	Patterson	Tydings
Connally	Hastings	Phipps	Vandenberg
Copeland	Hawes	Pine	Wagner
Couzens	Hayden	Pittman	Walcott
Cutting	Hebert	Ransdell	Walsh, Mass.
Dale	Hedlin	Reed	Walsh, Mont.
Deussen	Howell	Robinson, Ark.	Warren
Dill	Johnson	Robinson, Ind.	Waterman
Edge	Kean	Sackett	Watson
Fess	Keyes	Schall	Wheeler

Mr. DILL. I desire to announce that my colleague, the senior Senator from Washington [Mr. JONES] is absent by reason of illness.

Mr. SHEPPARD. I wish to announce that the senior Senator from South Carolina [Mr. SMITH] is detained from the Senate owing to illness in his family.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

APPRECIATION OF THE COMMISSION OF INQUIRY AND CONCILIATION, BOLIVIA AND PARAGUAY

The VICE PRESIDENT laid before the Senate the following communication, which was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD:

COMMISSION OF INQUIRY AND CONCILIATION,
BOLIVIA AND PARAGUAY,
Washington, D. C., May 13, 1920.

SIR: The Commission of Inquiry and Conciliation, Bolivia and Paraguay, in its meeting of this date, unanimously adopted the resolution which I hereby have the honor of transmitting to you. The resolution reads:

"In acknowledgment of the kind welcome which the Senate and House of Representatives of the United States of America, their presiding officers and membership, were good enough to tender to the commission during its visit to those legislative bodies, May 7, 1920;

"The Commission of Inquiry and Conciliation, Bolivia and Paraguay, resolves:

"To express its respectful and sincere appreciation to the Senate and the House of Representatives of the United States of America, whose interest in the peace and good will of the American nations was again evidenced by the cordial welcome which they tendered to the commission; and

"To ask the chairman of the commission to transmit this resolution to the Vice President of the United States and to the Speaker, with the request that they be good enough to convey this expression of thanks to the members of the respective legislative bodies."

I have the honor to be, sir, your obedient servant,

FRANK MCCOY,

Chairman of the Commission.

The VICE PRESIDENT,

United States Senate.

FUNERAL OF THE LATE REPRESENTATIVE CASEY

The VICE PRESIDENT appointed as the committee on the part of the Senate to attend the funeral of the late Representative JOHN J. CASEY, of Pennsylvania, the Senator from Pennsylvania [Mr. REED], the Senator from New Jersey [Mr. KEAN], the Senator from Delaware [Mr. TOWNSEND], the Senator from Kentucky [Mr. BARKLEY], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Texas [Mr. CONNALLY].

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of the Ingleside Improvement Club, California, praying for a reduction of 50 per cent in the Federal tax on earned incomes, which was referred to the Committee on Finance.

He also laid before the Senate a memorial of sundry citizens of the State of New York remonstrating against the adoption of a proposed calendar revision which might affect the continuity of the weekly cycle, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by True American Council, No. 136, Daughters of Liberty, at Caldwell, N. J., praying for the retention of the national-origins clause in the immigration law, which was referred to the Committee on Immigration.

He also laid before the Senate the following joint memorial of the Legislature of the Territory of Alaska, which was referred to the Committee on Claims:

House Joint Memorial 8

IN THE LEGISLATURE OF THE TERRITORY OF ALASKA,
NINTH SESSION.

To the Congress of the United States:

Your memorialist, the Legislature of the Territory of Alaska, respectfully represents that

Whereas bills were incurred by the eighth session of the Legislature of the Territory of Alaska, as follows:

J. B. Burford & Co.	\$266.23
Morris Construction Co.	75.25
Alaska Electric Light & Power Co.	6.60
John Harris	15.50
For mileage due members because of a deficiency in the appropriation for this item for the 1927 session and which is still unpaid, as the Attorney General rules that S. 4257 does not cover the authorization for mileage	280.70

which are just and proper charges for services rendered and material supplied, and for which payment has not been made.

Now, therefore, your memorialist respectfully urges that these bills be given your careful consideration and that means be provided for their payment.

And your memorialist will ever pray.

Passed by the house of representatives, April 17, 1929.

R. C. ROTHENBURG,
Speaker of the House.

Attest:

ROBERT C. HURLEY,
Clerk of the House.

Passed by the senate, April 24, 1929.

WILL A. STEEL,
President of the Senate.

Attest:

CASH COLE,
Secretary of the Senate.

Approved by the governor:

GEO. A. PARKS,
Governor.

Mr. WATERMAN presented a brief of the tariff committee of the Clear Creek County (Colo.) Metal Mining Association, signed by B. F. Napheyo, jr., chairman of Idaho Springs, Colo., with reference to the tariff on metals, which was referred to the Committee on Finance.

Mr. DENEEN presented a resolution adopted by the Sixth Annual State Convention of the Illinois Republican Women's Clubs, commending the President of the United States for his recent speech relative to law enforcement and pledging loyal support in the observance and enforcement of law, which was referred to the Committee on the Judiciary.

Mr. GOLDSBOROUGH presented resolutions adopted by Harford County (Md.) Pomona Grange, favoring the imposition of a tariff duty of 60 per cent on imported canned tomatoes, which were referred to the Committee on Finance.

He also presented the following joint resolution of the Legislature of the State of Maryland, which was referred to the Committee on the Library:

Joint Resolution 3

A joint resolution recommending to the Congress of the United States that The Star-Spangled Banner be declared to be the national anthem of the United States of America

Whereas The Star-Spangled Banner has, by acclaim of the people of our country and by general consent of the civilized governments of the world, been recognized as the national anthem of the United States of America; and

Whereas under the leadership of the Society of the War of 1812 in Maryland, supported by the patriotic societies of the country generally, the birthplace of The Star-Spangled Banner, namely, Fort McHenry, was dedicated as a national shrine on September 12, 1928: Therefore be it

Resolved by the General Assembly of Maryland, That the Congress of the United States be earnestly requested to take appropriate action whereby The Star-Spangled Banner may be declared to be the national anthem of the United States of America; and be it further

Resolved, That the secretary of the state of Maryland be, and he is hereby, requested to transmit under the great seal of this State a copy of the foregoing resolution to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and to each of the Representatives from Maryland in both Houses of Congress.

Approved March 8, 1929.

I, David C. Winebrenner, 3d, secretary of state, do hereby certify that the foregoing is a true and correct copy of Joint Resolution 3 of the Acts of the General Assembly of Maryland of 1929.

As witness my hand and official seal this 8th day of May, 1929.

[SEAL.] DAVID C. WINEBRENNER, 3d,
Secretary of State.

Mr. GOLDSBOROUGH also presented the following joint resolution of the Legislature of the State of Maryland, which was referred to the Committee on Patents:

Joint Resolution 4

A joint resolution memorializing the Congress of the United States to amend the copyright law

Whereas under the present copyright act a person who has copyrighted a musical composition has not only the exclusive right to print, reprint, publish, copy, and vend that composition but the additional right to use that composition publicly for profit; and

Whereas the copyright act provided that the copyright proprietor may recover a sum in certain cases of as much as \$100 from the offender for the infringement of this exclusive right to use the composition publicly for profit; and

Whereas protected by this act certain copyright proprietors, in addition to the purchase price, charge unreasonable and exorbitant prices for permission to use the composition publicly for profit; and

Whereas the various copyright proprietors have formed an organization known as the American Society of Composers, Authors, and Publishers for the enforcement of the said provisions of the copyright act and for the protection of their interests thereunder; and

Whereas the American Society of Composers, Authors, and Publishers maintains a supergovernmental enforcement agency with investigators always ready to descend upon any offender and bring him to task; and

Whereas this additional fee for permission to use the composition publicly for profit, and the penalties for infringement of the same, are paid to the copyright proprietor, who ordinarily is not the author or composer of the composition; and

Whereas these provisions of the copyright act are inimicable to the best interests of a majority of the people and make it impossible to present this music to them at reasonable prices: Now, therefore, be it

Resolved by the General Assembly of Maryland, That the Congress of the United States be memorialized to amend the copyright act of 1909 to provide that a person who has copyrighted a dramatic-musical or a choral or orchestral composition or other musical composition, which composition is offered for sale to the public, shall not have the exclusive right to perform the copyrighted work publicly for profit, nor be entitled to receive any fee or price in addition to the purchase price for permission to use the composition in a public performance for profit, nor be entitled to any penalty if the composition is so used without the permission of the copyright proprietor; and be it further

Resolved, That the secretary of the State of Maryland be, and he is hereby, requested to transmit, under the great seal of this State, a copy of the foregoing resolution to the President of the Senate, the Speaker of the House of Representatives, and to each of the Representatives from Maryland in both Houses of Congress.

Approved, March 8, 1929.

I, David C. Winebrenner, 3d, secretary of state, do hereby certify that the foregoing is a true and correct copy of Joint Resolution 4 of the Acts of the General Assembly of Maryland of 1929.

As witness my hand and official seal this 8th day of May, 1929.

[SEAL.] DAVID C. WINEBRENNER, 3d,
Secretary of State.

Mr. GOLDSBOROUGH also presented the following joint resolution of the Legislature of the State of Maryland, which was referred to the Committee on Public Buildings and Grounds:

Joint Resolution 5

A joint resolution memorializing the Congress of the United States to select a site for the summer home of the President in the State of Maryland

Whereas President Coolidge has suggested that provision be made for a summer home for the President of the United States near Washington; and

Whereas there are many suitable sites in Maryland near the National Capital which would be desirable for a summer home for the President; and

Whereas, since the Nation's Capital was formerly a part of the State of Maryland, it seems appropriate that the summer home of the President should be located in Maryland: Therefore be it

Resolved by the General Assembly of Maryland, That the Congress of the United States be, and it is hereby, requested to select a site for the summer home of the President of the United States somewhere in the State of Maryland; and be it further

Resolved, That the secretary of the State of Maryland be, and he is hereby, requested to transmit, under the great seal of this State, a copy of the foregoing resolution to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and to each of the Representatives from Maryland in both Houses of Congress.

Approved, March 8, 1929.

I, David C. Winebrenner, 3d, secretary of state, do hereby certify that the foregoing is a true and correct copy of Joint Resolution 5 of the Acts of the General Assembly of Maryland of 1929.

As witness my hand and official seal this 8th day of May, 1929.

[SEAL.] DAVID C. WINEBRENNER, 3d,
Secretary of State.

REPORTS OF THE MILITARY AFFAIRS COMMITTEE

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 4) to regulate promotion in the Army, and for other purposes, reported it with amendments and submitted a report (No. 11) thereon.

He also, from the same committee, to which was referred the bill (H. R. 22) to provide for the study, investigation, and survey, for commemorative purposes, of battle fields in the vicinity of Richmond, Va., reported it without amendment.

SALE OF MORTGAGE BONDS BY DISTRICT OF COLUMBIA COMPANIES

Mr. NORRIS. Mr. President, I ask unanimous consent to submit a report from the Judiciary Committee. The committee has had under consideration the resolution (S. Res. 58) presented by the Senator from Iowa [Mr. BROOKHART] on Friday last and has directed me to report it back to the Senate

with the recommendation that the Committee on the Judiciary be discharged from the further consideration of the resolution and that it be referred to the Committee on the District of Columbia. In accordance therewith, I report back the resolution with that recommendation, together with the accompanying papers, and ask that the same be referred to the Committee on the District of Columbia.

The VICE PRESIDENT. Without objection, it is so ordered.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COPELAND:

A bill (S. 1071) for the relief of heirs of Jacob D. Hanson; to the Committee on Claims.

By Mr. NYE:

A bill (S. 1072) for the relief of Gabriel Roth; to the Committee on Claims.

A bill (S. 1073) granting the consent of Congress to the States of North Dakota and Minnesota, the county of Richland, N. Dak., the county of Wilkin, Minn., or to any one or more of them, to construct, maintain, and operate a bridge across the Bois de Sioux; to the Committee on Commerce.

By Mr. GREENE:

A bill (S. 1074) granting an increase of pension to Persis C. Hodgkins; to the Committee on Pensions.

By Mr. SHORTHIDGE:

A bill (S. 1075) for the payment of certain citizens of damages because of loss of their property in the general mess building of the Pacific Branch of the National Home for Disabled Volunteer Soldiers, when said building was destroyed by fire on March 24, 1927; to the Committee on Claims.

A bill (S. 1076) for the relief of Ira L. Duncan;

A bill (S. 1077) for the relief of John W. Fisher;

A bill (S. 1078) for the relief of Eddie Gordon;

A bill (S. 1079) for the relief of Harry E. Hale;

A bill (S. 1080) for the relief of Fred Helm;

A bill (S. 1081) for the relief of Edward Hewitt;

A bill (S. 1082) to correct the military record of Herbert Horrell;

A bill (S. 1083) for the relief of Charlie Hoover; and

A bill (S. 1084) for the relief of Charles Amiss; to the Committee on Military Affairs.

By Mr. REED:

A bill (S. 1085) to amend section 5 of the act entitled "An act to establish a national military park at the battle field of Fort Donelson, Tenn.," approved March 26, 1928;

A bill (S. 1086) to authorize the sale of surplus War Department real property at Jeffersonville, Ind.;

A bill (S. 1087) to provide further for the national security and defense;

A bill (S. 1088) to amend section 5 of the act entitled "An act to establish a national military park at the battle field of Stones River, Tenn.," approved March 3, 1927; and

A bill (S. 1089) to authorize aides to the Chief of Staff of the Army; to the Committee on Military Affairs.

By Mr. METCALF:

A bill (S. 1090) granting a pension to Harriet J. B. Ford (with accompanying papers); to the Committee on Pensions.

By Mr. GOLDSBOROUGH:

A bill (S. 1091) to provide for the examination and survey of the channel of the Upper Thoroughfare lying between the steamboat wharf on Deals Island and Maynes Point in the Tangier district; to the Committee on Commerce.

By Mr. CUTTING:

A bill (S. 1092) to create a commission on elections, to define its duties, and for other purposes; to the Committee on the Judiciary.

By Mr. TRAMMELL:

A bill (S. 1093) providing for a fund for reimbursement to growers suffering loss of crops from the Mediterranean fruit fly; to the Committee on Agriculture and Forestry.

By Mr. WATSON:

A bill (S. 1094) granting an increase of pension to Frank D. Yandes (with accompanying papers); to the Committee on Pensions.

By Mr. GOFF:

A bill (S. 1095) granting an increase of pension to Margery Guy;

A bill (S. 1096) granting an increase of pension to Harriet Yost;

A bill (S. 1097) granting an increase of pension to May Graham; and

A bill (S. 1098) granting an increase of pension to Mary E. Harris; to the Committee on Pensions.

A bill (S. 1099) to prohibit the sending and receipt of stolen property through interstate and foreign commerce, and trafficking in the same; to the Committee on the Judiciary.

By Mr. GILLETT:

A bill (S. 1100) for the relief of Elizabeth B. Dayton; to the Committee on Claims.

By Mr. MOSES:

A bill (S. 1101) to authorize the Postmaster General to investigate the conditions of the lease of the post-office garage, in Boston, Mass., and to readjust the terms thereof; to the Committee on Post Offices and Post Roads.

By Mr. CUTTING:

A joint resolution (S. J. Res. 38) proposing an amendment to the Constitution of the United States relating to eligibility of Members of Congress; and

A joint resolution (S. J. Res. 39) proposing an amendment to the Constitution of the United States relative to the nomination or election of Members of Congress, President, and Vice President of the United States; to the Committee on the Judiciary.

By Mr. MOSES:

A joint resolution (S. J. Res. 40) authorizing and requesting the President to extend invitations to foreign governments to be represented by delegates at the International Congress for the Blind to be held in the city of New York in 1931; to the Committee on Foreign Relations.

Mr. BROOKHART obtained the floor.

AMENDMENT TO TARIFF REVISION BILL

Mr. FLETCHER submitted an amendment intended to be proposed by him to House bill 2067, the tariff revision bill, which was referred to the Committee on Finance and ordered to be printed.

SUPPRESSION OF UNFAIR MARKETING PRACTICES

Mr. FLETCHER also submitted an amendment intended to be proposed by him to the bill (S. 108) to suppress unfair and fraudulent practices in the marketing of perishable agricultural commodities in interstate and foreign commerce, which was ordered to lie on the table and to be printed.

RELIEF OF FORMER LIEUT. COL. TIMOTHY J. POWERS

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (S. 325) for the relief of former Lieut. Col. Timothy J. Powers, which was referred to the Committee on Claims and ordered to be printed.

AMENDMENTS TO FARM RELIEF BILL

Mr. CARAWAY and Mr. NYE each submitted an amendment and Mr. HEFLIN submitted two amendments intended to be proposed by them, respectively, to Senate bill 1, the farm relief bill, which were ordered to lie on the table and to be printed.

INVESTIGATION RELATIVE TO CERTAIN FEDERAL PATRONAGE

Mr. BROOKHART submitted the following resolution (S. Res. 59), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the amount authorized to be expended by the subcommittee of the Committee on Post Offices and Post Roads investigating the circumstances surrounding the choice of postmasters in presidential offices and carriers, under authority of Senate Resolution 193, agreed to May 19, 1928, Seventieth Congress, and continued during the present Congress by resolution of February 26, 1929, hereby is increased from \$8,000 to \$14,000, to be paid from the contingent fund of the Senate upon vouchers approved by the chairman of said subcommittee.

"A NEW APPLICATION OF AN OLD JEFFERSONIAN PRINCIPLE"

Mr. COPELAND. Mr. President, I ask unanimous consent that a very interesting address by Congressman LEWIS W. DOUGLAS at the Jefferson Day banquet in New York City on April 20th last, may be printed in the Record.

The VICE PRESIDENT. Without objection, it is so ordered. The address is as follows:

My presence in the company of such able and distinguished Senators and in the company of such prominent figures as a former Secretary of the Navy, under that great Democrat, Woodrow Wilson, is an act of impropriety which will shortly and in due course become self-evident. Yet, curiously enough, impropriety and propriety are strangely mixed. On the one hundred and eighty-sixth anniversary of the birth of a great Republican (how queerly words have become confused in the span of a century) and a greater American it is not improper that a western man should publicly pay tribute to his benefactor. It is not improper, because the vision which projected itself a century into the future and pictured a great empire spanning the continent from sea to sea, the wisdom which dictated Virginia's cession of the Northwest Territory to an enfeebled confederacy, the statesmanship which drafted the principles of government which were later to be substantially applied to

the frontier and the public domain, and the diplomacy which effected the acquisition of the Louisiana territory and which pushed the front line of American pioneers almost to the shores of the Pacific were attributes and characteristics of the man in whose honored and cherished memory we meet to-night. Thomas Jefferson laid the foundation stone of the West. His spirit lives to glory in its great structure.

Were he here this evening he would marvel at the changes which the machine age has produced in what was once a rural society. He would look with awe as we do on the complexities and intricacies of a mechanized state. To-day as he traveled (as he would have) from Monticello to the Hudson and saw before him the sky line and the activities of this great city, a vibrating, living symbol of modernity, he would have murmured to himself, as he once in another day and in almost identical language remarked to a Prime Minister of France, "Nothing can replace it; what will succeed it?" And yet he would still cling to the truth of his political philosophy while he would shiver at its neglect and nullification.

The American mind is one of extremes. Whenever a disease exists in the body politic Americans resolve to destroy the body. Frequently the remedy is more fatal than the disease.

Conditions have so changed that in many instances States in the exercise of powers inherent in them are incapable of or are supine in their adequate administration.

And the public mind, aroused partially by the persons seeking votes and partially by media of propaganda, have precipitately concluded that the States must be destroyed by means of creating great omnipotent and omniscient Federal officials and commissions which control the destinies of our lives. The things that have been done may not be undone, but the things that have been done need not be done again.

Let it be conceded that there are matters over which a State is impotent. Does that concession, however, lead inevitably to the conclusion that a Federal agency is the sole potentate? Without referring to the dog-eared books on our shelves, and the dogmatic formulas to be found in them, without quoting the words of lawyers and courts, pygmies and giants, can there not be made an analysis of modernity in the light of reason and changed conditions, and can not a relatively obscure and unused provision of our Constitution be adapted to present needs? Can not that paragraph of the basic law which permits of agreements among the States, subject of course to the approval of the Congress, be so employed as to protect both the vitality of State governments, adequate control of activities over which one State alone may be powerless and yet still to save us from a bureaucratic government—the greatest danger to our health and vigor as a Republic? New York and New Jersey have taken advantage of their rights and have created the Port of New York Authority. How much happier are they under that authority than they would be under an autocratic Federal agency? Is it not possible that the same right which they exercised in one respect may not be exercised in many other and perhaps larger fields of activity and of control?

Transportation of commodities between States has in the past been confined to tangible things. But during the course of the last quarter of a century there has been developed, with surprising rapidity, an industry which generates, transmits, and distributes an unknown mysterious energy which, despite the mystery in which it is enshrouded, is playing a part—a very important part—in shifting the focus of industries and of population, and in promoting the peace and comfort of the people of our Nation. In many instances it is engaged in inter rather than intra state commerce and is, therefore, beyond the jurisdiction of any one State. But wherever and however its business extends beyond the borders of one State and across those of another, the focus of its activities is limited by economic and natural factors to restricted geographical areas. Because of these same factors it never will become national in scope. Is it not wiser that the control of the rate structure of that industry be vested through agreements in the States affected? Is it not sounder statesmanship, is it not more consistent with the liberty and freedom of a Jefferson, that the States by compact retain jurisdiction over that industry which may transform the complexion of commonwealths, or which may even destroy one for the benefit of another? Or is it preferable that an arbitrary central bureau recognizing no responsibility to regional areas, ignorant or unwilling to learn of their needs, shall by autocratic order, establish rules and regulations for an activity which should properly be subject to the joint jurisdiction of the States? May not, in this instance, the compact clause be employed as a protection for the public, a safeguard for the States, and a barrier to tyranny? The time will come again as it has come in the past, when frenzied, unreasoned relinquishment of rights inherent in the States will give rise to a popular cry against those who advocated and effected the relinquishment.

The case cited is but one example of the possible application of the compact clause of the Constitution to the needs of a new order. There are many others.

Limited only by the exclusive powers delegated to the three branches of the Federal Government, the compact clause of the Constitution may be employed as a method by and through which the States may be maintained as Jefferson contemplated them, and by and

through which in the public interest adequate control may be effected and yet by and through which the development of a Federal bureaucracy may be effectively checked.

It is possible that some great flaring personality, imbued with the enthusiasm and charm of a public leader, may yet lead the American mind out of the morass of bureaucracy in which it has unfortunately been mired. With freedom as the passion of his life he may take his place in history, elbow to elbow with the author of the Declaration of Independence. No higher distinction can be given to any man.

OBSERVANCE OF THE SENATE RULES

The VICE PRESIDENT. The Chair desires to announce that hereafter, after a Senator has begun to address the Senate, he hopes Senators will observe the second clause of Rule VII and not interrupt the Senator for the purpose of introducing bills or similar routine matters. Until the Senator entitled to the floor begins to speak the Chair feels that he should ask him to yield for such a purpose. The unfinished business will be proceeded with, and the Senator from Iowa [Mr. BROOKHART] is entitled to the floor.

FARM RELIEF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1) to establish a Federal farm board to aid in the orderly marketing, and in the control and disposition of the surplus, of agricultural commodities in interstate and foreign commerce.

Mr. BROOKHART. Mr. President, it is a regrettable fact that politics of one kind and another has gotten into the question of farm relief. It is especially regrettable that it is Wall Street politics against the rest of the country. It is still more regrettable that the distinguished Republican whip [Mr. FESS] has joined in this political campaign. We certainly gave him every opportunity to answer everything on the floor of the Senate and next he turns up in the newspapers. If he is correctly quoted in the clippings which I have, he has described some of us as "pseudo-Republicans," and I have the honor of being the third in the list.

I am a Missourian by birth, and not having had very much school training I got down my copy of the International Dictionary to find out what this "pseudo" business means. I get the dictionary down regularly once a year anyhow, so it was not a very great inconvenience to do it on this occasion. I find that "pseudo" is a Greek word that means "lying, false, to belie"; that as a prefix in English signifying "false, counterfeit, pretended, spurious." When I found that the distinguished Senator and brilliant scholar from Ohio had used those terms in reference to me it ruffled my feathers a good deal at first, but I always ruffle them down again before I get into a fight; so I looked back a second time in the dictionary and found that the word has a second meaning, to wit, "In Lobachevskian geometry an analogue of the corresponding term in Euclidean geometry, as pseudo-form." Of course, I do not have the slightest idea what all of that means. [Laughter.] But probably that is what the Senator from Ohio intended to apply to me in this matter, and therefore I want to say to the Senator that I do not feel mad about him at all. I am just sorry for him; that is all.

But, Mr. President, there are some pseudo things that have gotten into the matter of farm legislation. This session of Congress was called to consider the farm problem on its merits, not as a false or counterfeit or pretended or spurious issue. I am inclined to think the pseudo business is in the farm bill rather than in the Republicanism which the Senator from Ohio has criticized. In fact I am ready to assert that the bill does not in any way carry out the Republican platform or carry out the campaign pledges which were made. When the campaign was on the Senator from Ohio and all the other standpatters liked to consult me a great deal.

Mr. JOHNSON entered the Chamber.

Mr. FESS. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. BROOKHART. I yield.

Mr. FESS. Mr. President, I did not interrupt the Senator until my friend the Senator from California [Mr. JOHNSON] came in. On May 8, while the brilliant address by the Senator from California was being delivered, I happened to be presiding in the Chamber, and I was very much impressed with this sentence, which is found in the CONGRESSIONAL RECORD on page 989, May 8, 1929:

I take it, in the broader aspect, that if there is ever an obligation upon those who pretend to serve a great people, that obligation rests upon both sides of this Chamber, upon Republicans, upon pseudo-Republicans, upon Democrats, and Republican-Democrats, in this body and elsewhere.

That was the origin of the term that was used by me the day I wrote the letter to which the Senator has referred.

Mr. BROOKHART. Does the Senator from Ohio mean by that that he himself did not understand what the word "pseudo" meant, and he thought it was a good word coming from the Senator from California? [Laughter.]

Mr. FESS. I think, Mr. President, that I ought to answer that question.

Mr. JOHNSON. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from California?

Mr. BROOKHART. I will first let the Senator from Ohio answer the question, and then I will yield to the Senator from California.

Mr. FESS. I must confess that I did not have the dictionary definition before me when I quoted the word used by my friend from California.

Mr. BROOKHART. I now yield to the Senator from California.

Mr. JOHNSON. Mr. President, may I congratulate the Senator from Ohio [Mr. Fess] upon the adoption of the language of the Senator from California? I think that he is progressing. If he would adopt the language of the Senator from California in the address that was made on the particular occasion in reference to the pending bill, he would progress still further; and in time, I think, he would reach the position that some of us have reached who under any and all circumstances we want to see real farm relief accorded. Then probably there will be no difference between the Senator from Ohio and the Senator from Iowa [Mr. Brookhart] in regard to a farm relief measure.

The use of the word which I employed was perfectly appropriate in an address such as I made, and other terms used in that address were equally appropriate. I trust that in adopting one sentence of that address the Senator from Ohio will adopt all. At any rate, I take it as a very high compliment, indeed, that I should have so impressed the Senator from Ohio that immediately he wrote a letter in which he utilized one particular word or one particular expression that I employed in my address.

Mr. BROOKHART. Mr. President, that is the first ray of light that has been shed on this matter by the Senator from Ohio [Mr. Fess]. There is great hope of the future, I think. With a start like that something may result. We all understood the keen sarcasm of the Senator from California [Mr. Johnson], and we all knew perfectly well what he meant when he used the term "pseudo."

Now, Mr. President, let us see about the pseudo features of the pending farm bill. I shall have to read again the Republican platform, which promises:

The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries to insure its prosperity and success.

That is the concluding paragraph of that plank of the Republican platform; it is the summary of all the pledges which were made in that plank. What has the Republican Party done to carry out that pledge? When we came to consider this the greatest issue of the present time, where were the Republican standpat leaders during the working out and formulation of this bill? Where was the distinguished chairman of the Military Affairs Committee [Mr. Reed]? The only expression which I have ever gotten out of him was that it was a "farm bunk bill"; and I think he told about the truth in regard to that. Where was the distinguished chairman of the Committee on Finance [Mr. Smoot] when it came to solving this the greatest economic problem of our time? He was quietly and safely tucked away somewhere waiting for a tariff bill to come along; he was not helping to formulate legislation to solve the farm problem. Where was the distinguished chairman of the Committee on Appropriations [Mr. Warren]? His attitude was the same.

I have not heard a word of help or suggestion of solution from those Senators, except in private conversation with the Senator from Utah, and that conversation was very satisfactory indeed.

The only one of the distinguished "standpatters" who really took the floor to fight for the provisions of this bill was the Senator from Ohio. Of course, I know the distinguished Republican leader, the Senator from Indiana [Mr. Watson], took the floor for a couple of hours; but he spent most of his time trying to demonstrate that he had been more inconsistent than had the Democratic leader; and after listening to his able and eloquent appeal I concluded he was almost successful. [Laughter.]

Now let us see about this bill. The Senator from Ohio when he had the floor was asked to show how the bill would give to the wheat growers the prosperity enjoyed by the industries, and a pitiful mess he made of that. There was no price, such as the industries are able to fix for their products, even suggested by the Senator in connection with agricultural production. Every industry figures its cost of production, and on an average the industries get that cost and a good deal more. I have taken into consideration in measuring the return to industries the fact that, though many succeed, others fail. I am perfectly aware that 42 per cent of all the corporations in the United States are operating at a loss, but while that is true the other 58 per cent are operating at an enormous and an excessive profit. The farmers of the United States are at least entitled to the average return of the successful and the unsuccessful industries; and small business in the United States is entitled to a better consideration than is being given it. However, what does this bill do? Nothing.

I want now, Mr. President, to call your attention to the fact—and I have a copy of the law before me—that the intermediate credit bank law does everything that this bill proposes to do except in a few minor respects. The intermediate credit bank law provides for loans to all farm cooperatives. I do not think there is an institution set up in the pending bill that could not get a loan under the law, so far as existing law is concerned, from the intermediate credit bank. Furthermore, the intermediate credit bank has \$150,000,000 more money authorized for loaning purposes than the pending bill authorizes to be loaned to cooperatives. Think of a "pseudo" extra session of the Congress of the United States for the purpose of providing for more loans to cooperatives, when the system which we provided in 1923 is wholly ineffective! There is where the "pseudo" business becomes apparent in this situation, and the farmers of the United States will know it.

Mr. NORBECK. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from South Dakota?

Mr. BROOKHART. I yield.

Mr. NORBECK. I want to remind the Senators present that when the intermediate credit bank plan was pending as a remedy for the farm situation all those hopes were held out then which are being held out now, and some of the Senators who plead so eloquently for the intermediate credit bank bill as a measure to meet the needs of borrowing for cooperative marketing are the same Senators who tell us now that the pending bill contains a similar provision.

Mr. BROOKHART. The Senator is absolutely right. I remember participating in that debate and I was called a Bolshevik and an anarchist, practically, on the floor of the Senate for suggesting an amendment to that bill. Talk about "pseudos," and then think of calling the Congress of the United States into extra session to do over again in a little modified form what we already did away back in 1923, and what has failed during all these years, and has put the farmers of the United States in worse condition year after year. That is where the "pseudo" in this situation comes in. That is the fraud and the counterfeit and the spuriousness of this thing. I do not propose, after fighting for eight years for something genuine, to let a "pseudo" scheme go by without being fully exposed.

Take the wheat situation. What have the loans under the intermediate credit bank system done for wheat prices since 1923? The only thing that has been done for them since 1923 has been done by the Canadian wheat pool. That has helped the wheat price, and even with the present surplus the price would be still lower but for that pool in Canada in which we had no part whatever.

The Senator from Ohio did me a very great injustice about this extra session. He said the Senator from Idaho [Mr. Borah] was wholly to blame for it. I do not think that is true. I would not hesitate to give the Senator from Idaho full credit for the calling of this session in the good faith in which he wanted it, but I spoke to the President when he was a candidate as far back as about the 12th of July of last year in regard to calling an extra session. I had been down in Georgia investigating some "standpat" maneuvers in the post offices there, and I came back to Washington, arriving on about the 12th of July. It was either on that day or the next day that I saw the candidate for President, and I think on that occasion the first suggestion was made of an extra session being called. Nobody has ever told me to the contrary. I have not specifically asked the Senator from Idaho about it, but I then suggested that an extra session was needed in order to enact legislation to take care of the 1929 crop. Mr. Hoover, as a candidate, readily assented to that. Doctor Work was present, and he suggested,

in order not to ruffle up the feathers of President Coolidge, that there ought to be a condition to the effect that the extra session would be called if nothing were done for farm relief at the short session. I was not in the "ruffling of feathers" business. I wanted an extra session in order to settle the farm problem. I did not give that incident any publicity, nor did it receive publicity otherwise. Later others who consulted with Mr. Hoover did give publicity to the idea. I think it was the Governor of Nebraska who first gave it publicity; that was toward the end of the campaign, a month or two after I had talked about it. Then the Senator from Idaho secured the open pledge for the extra session.

Did we want a false, spurious, "pseudo" session here to fool the farmers about giving them equality with the industries? Is that what we were for? That is not the way I figured it out. I think the Senator from Ohio ought to have known I was no "pseudo-Republican," because I have put in the Congressional Directory that I am a "Progressive Republican." [Laughter.] It is written in there; and I do not want any "pseudo" session of Congress to pass on this farm bill, either.

The election passed, and since that time hardly a "stand-patter" in the whole crowd has talked to me about the solution of the farm problem. The subject has barely been mentioned, and I had to bring it up then. Was that the case during the campaign? No. They printed over a million copies of my speeches, which were sent to all the farming States. I think about a million and a half copies were thus circulated. That speech set out the record of Herbert Hoover toward the farmers during and after the war. It showed how, through the Food Administration and the Wheat Corporation, certain agricultural prices had been fixed and how those organizations had handled \$10,000,000,000 worth and over of farm surplus. There was not any howling then that "we will not fix prices." I set forth the record of Hoover. I did not claim that he had personally fixed the price of wheat or of pork; I knew who fixed it; but he was personally the head of the organization that fixed those prices. President Wilson appointed the men to do it; they did it in an intelligent and an effective way, and the action had the approval of Mr. Hoover. I put all of that in that speech, and it was printed, and it was sent out to all of these farmers; and I did not hesitate to say that a man who had a record like that, a man who got the best prices and the best prosperity for agriculture that it had ever had in all its history, would do something of the kind for agriculture in time of peace.

In fact, a part of that record was in time of peace. The last wheat bill was passed on the 4th of March, 1919. That bill gave to Mr. Hoover a round billion dollars, appropriated out of the Treasury of the United States, to handle this Wheat Corporation alone, and I think the Senator from Ohio voted for that over in the House at that time. He did not object to the Government going into business to carry out President Wilson's pledge that the farmer should have a price equal to that of 1918. But now he comes in, when his party has pledged itself to enact the laws and set up the machinery that will give us equality with the industries, and says, "It will not do. That is putting the Government into business. We must avoid this socialistic departure."

The Senator from California [Mr. JOHNSON] has shown most effectively, in his sarcastic, pointed address, how this bill puts the Government into three or four dubious kinds of business, unless you have a Eugene Meyer or somebody of that kind in management who will do nothing for the farmers and will get nowhere in the marketing of their products.

If that argument that "We will not put the Government into business" has any force, it has as much force against this bill in the form it is reported here as it would if we had provided a billion and a half of dollars and told the Government to go out and bid to the farmers the cost of production for the surplus of their product. That is no more business than this, and that is a safe kind of business. In conversation with the Senator from Utah [Mr. SMOOT], I think he told me he had said on the floor at some time, though I did not hear it, that if we had money enough to do that thing we need have no loss. I think that is the feeling of the senior Senator from Utah. Am I not correct in quoting that?

Mr. SMOOT. Mr. President, I think I stated on the floor of the Senate—I am quite sure I did—at the time the Senator from Nebraska was delivering his speech, that I was perfectly willing that \$500,000,000 should be provided as a fund, and that in my opinion if there were \$500,000,000 in a fund for the purpose of controlling the market price the result would be successful. I thought so then and I think so now.

Mr. BROOKHART. I am in full accord with all of that suggestion, except that I have it figured out that it will require a little more money. There are years when I think it will not re-

quire more money, but when it came to handling the wheat in that way Mr. Hoover figured out that it would require a billion dollars that year on wheat alone. A bigger crop than ordinary was promised of wheat. The crop did not turn out as large as expected, and he used only about \$300,000,000. In prior years he used as much as \$500,000,000 to do exactly what the Senator from Utah says should be done; and yet now we are told that if we put a provision like that in this bill, that will give the farmers a cost-of-production price or bid for their products, that is Bolshevism or something in violation of the Republican platform.

Why were not these things told to the farmers during the campaign? Why did we set out this record of our great leader, the most emphatic and the most successful record for agriculture in all its history, and then bring in a bill that repudiates that record?

If this bill can be amended so as to command enough funds and enough authority, subject even to the approval of the President, to buy and sell and handle these surplus products at a cost-of-production price, I have already said I would support it in preference to a debenture. The debenture is second choice with me; but the debenture is not a fake. The debenture is a reality. The debenture will do some good. It does not purport to do more than half of equalizing the tariff for the farmers. I see no reason why in the debenture we should not put on all the tariff, because the tariff is based on the difference in cost of production, and in this case the cost of production is not figured too high. I believe it is figured too high on many of the manufactured products, but it is not figured too high as to agricultural products and agricultural rates. In fact, I think it is too low still, even as proposed through the increases in the new bill that is now presented.

Mr. President, if the Senator from Ohio and I owned this big American farm we would agree this afternoon what to do with this surplus. As business men there would be no trouble and no argument about it. We would look the proposition over and we would find that we have about \$2,000,000,000 a year of surplus that we must dispose of in a foreign market; that is, in the form in which it is exported. The farmers are getting about \$1,200,000,000 for that. The other \$800,000,000 is added by processing and freight rates and commissions, and other things of that kind; but the exportable surplus is about a \$2,000,000,000 proposition, and if the Senator from Ohio and I had this proposition as our own we would be producing a total of about \$12,000,000,000 a year; and one-tenth of that, or \$1,200,000,000, is the amount we must send abroad.

We are living here in a higher level of markets than the general world market on all commodities, for that matter. We have made it so by law. That is what the protective tariff is for. Therefore it would not take the Senator from Ohio and me very long, if we had this proposition as our own, to say that this surplus must be removed from the domestic market, so that our domestic price on the other 90 per cent will not be reduced.

Then we would look around for boxes to box up this surplus. That would require capital; and we would figure out how much capital it would require to buy and to hold this \$2,000,000,000 surplus off the market so that we would not offer it at all on the market in the United States; and I do not believe—that is where I disagree slightly with the Senator from Utah [Mr. SMOOT]—I do not believe \$500,000,000 is enough to handle that surplus under all circumstances. We would want enough money provided in our banking system so that we could handle it without any question. It would be ineffective if there were going to be any argument about how we would finance this surplus. So I do not believe \$500,000,000 is enough to do it. I have figured out that it would take about \$1,500,000,000. Some of it we can turn at once; but if we had this as our own, would we dump it into the world market and break down the world market? That would be a foolish thing to do, and we would not do it if we had the finances and the resources to hold it.

I want to illustrate again by cotton and wheat. We would have this cotton surplus. In 1926 we had the biggest cotton surplus in all history—three years piled up, with a carry-over year after year. Suppose it had cost us 23 cents a pound to produce that cotton and to give us a cooperative return on our capital investment of not over 5 per cent. If the Senator and I had had all of that cotton together, what would we have done? We would have boxed up this surplus and withdrawn it from the market and said to the world, "It is for sale when you pay the cost-of-production price with a reasonable profit"; and if we had had the financial resources to do that, we would have withheld it. I think every Senator in the Chamber will concede that if that had been done in 1926 it would have cost around \$500,000,000, I say to the Senator from Utah, to buy the cotton surplus alone at that time; but we could have dis-

posed of it by this time and got back our 23 cents a pound and our expenses, and even taken a profit and had no dollar of loss.

Why would that be true? Because that cotton surplus of the United States is 65 per cent of the world's surplus. It is 65 per cent of all the cotton exported by all the countries of the world; and I say to you that the person or the organization that has 65 per cent of the world demand, and has it paid for, so that the bank can not call his note and the sheriff can not sell him out, is in reasonable control of the world market, and is able to get an asking price, and will not be forced to take whatever is bid to him.

Mr. EDGE. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. EDGE. What would be the Senator's method of operation to restrict the crops in the years following, while this surplus remained as a surplus, so that the yield would not constantly reach the same maximum supply?

Mr. BROOKHART. That is the proposition I was trying to explain. As this surplus came on in 1924, 1925, and 1926, I would have bought it up and stored it and held it for the cost of production price. Over a period of six or seven years we have never had a world's surplus of cotton. We have always been able to sell it all.

Mr. EDGE. I know; but, as I followed the Senator—and I am following him closely—in order to reach a normal situation the Senator must in the meantime absolutely control the future product.

Mr. BROOKHART. The Senator means the production?

Mr. EDGE. The production, yes; or the surplus would be constantly maintained.

Mr. BROOKHART. I think I shall again have to present to the Senate the answer to that question by the National Industrial Conference Board. They have given the matter the most thorough investigation. They have the record, the facts, and have given the best answer and the most complete answer there is.

I will read that answer. I will say that I do not think, after seeing this record, that there is any danger of overproduction. That is giving me the least of my troubles in the solution of this question. That can happen as to some special crop, like potatoes, or perhaps citrus fruits. There could be switching from one crop to another if one were protected at a high price and another left at a low price, as was the case with wheat somewhat during the war, but if all were protected evenly, and all given a cost-of-production price, there would be no danger of overproduction in the United States. In fact, I think it is the policy of wisdom to encourage production of cotton and of all the other products.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. TRAMMELL. I believe the Senator said there might possibly be an overproduction of citrus fruits. I do not think that could be true if we had a proper system of marketing.

Mr. BROOKHART. That might be so.

Mr. TRAMMELL. There is nothing like the amount of citrus fruit raised in the country that is demanded, as I understand it, if the crop is properly distributed and marketed throughout the United States.

Mr. BROOKHART. The Senator may be correct. I have not made a detailed study of that proposition. I simply heard the statement made that there was overproduction of citrus fruits, and the prices were low to the producer; but, as the Senator says, it may be due to the marketing system, and the whole production in the United States is not an overproduction, and is not likely to be an overproduction. Production is going to decline, and is declining.

Mr. COPELAND. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from New York?

Mr. BROOKHART. I yield.

Mr. COPELAND. I noticed this morning a statement that because of the increasing popularity of American grapefruit our shipments to British markets increased from 15,000 boxes in 1922 to 421,000 boxes in 1927. I can not see that there has been any failure of marketing in that particular citrus fruit.

Mr. BROOKHART. I will not stop to discuss that matter in detail. It may be, again, that the price was fixed in England, as the price of our wheat is fixed, comparable to a world price that is too low. I am not familiar with that particular matter. But I do want now to answer this whole question of overproduction, because with that out of the way we are ready to consider this question and to settle it finally and effectively. This is what the National Industrial Conference Board said in their 1926 report, when they went into this matter fully:

These considerations are emphasized in the case of the United States. The increase in agricultural production during the war period and the "surplus" in the postwar years were in large part only apparent. The marked growth of cereal exports during the decade 1913-1922 was not the result of a sudden expansion of the per capita area of land in crops. From 1900 to 1925 the trend of crop acreage per capital was downward, and in the period 1919-1922 the per capita acreage in 12 principal crops was 10 per cent less than for the period 1899-1903. The "surplus," which has in large part been the source of agricultural depression since the war, was partly the result of an increase in the acreage of cereals, especially wheat, at the expense of other crops, and partly due to the falling off in domestic demand in 1920-1922. The average acreage in the five cereals in 1919-1922 exceeded that of the pre-war period 1909-1913 by about 23,000,000 acres, of which wheat accounted for more than 18,000,000 acres.

That was the switch to wheat which I mentioned a moment ago.

This increased acreage was made possible by a reduction in that used in producing for domestic uses, especially for feeding livestock.

You take it off of one, and if it increases one it decreases another. Practically all of our land is in use at this time in some form or other.

From the pre-war period 1909-1913 to 1919-1922, the per capita acreage employed in producing for domestic consumption declined nearly 6 per cent.

Most of the acreage thus economized was diverted to increasing the production of wheat under the stimulus of high prices and of patriotic appeal during the war period. But even during that time the per capita production of the major crops taken together was not markedly higher than pre-war. The average for the 5-year period 1915-1919 was four tenths per cent lower, and that for 1920-1924 was 4.8 per cent lower than the average for the pre-war period 1910-1913. The apparent surplus was due partly to the shifting of the balance of production and partly, as will be seen later, to the decline of effective domestic and foreign demand in 1920-1922.

The acreage in wheat, however, has been rapidly returning to normal. Although in 1923 it was still 27 per cent larger than the average of the five years before the war and in 1924 and 1925 it was about 11 per cent higher than pre-war, in view of the population increase in the past decade, this indicates a definite tendency toward readjustment of supply and demand.

This readjustment, however, has been accompanied by disturbance and distress which illustrate both the importance and difficulty of control of production. After new land, some of it range, was broken up and put into wheat, houses built, livestock and implements purchased and debts incurred, it was not easy to let the land go back to pasture or to shift it to other uses. In large areas of the Northwest the process has simply meant abandonment of land and equipment. Moreover, as has already been pointed out, the transference of a relatively small proportion of the acreage in one of the major crops to a minor crop is likely to result in overproduction of the latter, while the output of the former is relatively little affected. The subtraction of 10,000,000 acres from the corn area, for instance, and its transfer to potatoes or other smaller crops, might easily double the production of some of these.

That is the only overproduction we need to guard against, the shifting of crops; and if we protect the corn and protect the other crops, then there will be no tendency to shift to potatoes and to these other products.

Thus, even though the total acreage in crops is kept under control, the shifting of acreage as between the various branches of production under the influence of price changes may upset the equilibrium of agricultural income.

That is why all must be treated alike, and all given even protection; then they will go ahead the same way. If we should produce wheat in Iowa, we would produce a good deal more wheat than any other State in this Union produces, but we are fourth in the production of wheat. If the wheat were given protection and corn and livestock not, then we would have to produce wheat; but if we protect all alike and give a cost-of-production price to all of them, then there is no danger of going to wheat in Iowa. We produced 500,000,000 bushels of corn, about 300,000,000 bushels of oats, about 100,000,000 bushels of wheat, about 10,000,000 pigs, and about 3,000,000 calves. Although not the largest State, we are the State with the greatest agricultural production; yet since 1920 we have not gotten a price high enough to pay our expenses, our taxes, and interest, and foreclosures by the thousands and tens of thousands have occurred in that State, which ought to be the most prosperous spot on this earth.

Again the industrial board said:

All evidence points to the fact that the apparent surplus of cereal products, due to reduction in the per capita acreage of land employed

for producing livestock for domestic consumption, and to the over-expansion in the per capita acreage of wheat and rye at the expense of other crops, has merely obscured temporarily the increasing scarcity of land in the United States, in relation to domestic demand. Under the gradual operation of economic forces, some degree of adjustment of production, at least in respect to acreage put into the major crops, has undoubtedly taken place in the United States. Data given in the preceding chapter show that the acreage in farms in proportion to the total population has declined almost steadily since 1860 from 13 acres per capita to 9 in 1920. The per capita acreage of improved land has declined steadily since 1890 and is now about the same as it was in 1850. The per capita acreage of land in crops has declined since 1900 and is now below the point at which it was in 1880.

I particularly call the attention of the Senator from New Jersey to these figures, because they show the unmistakable trend in this production.

These declines in acreage were offset up to about 1900 by an increase in the yield per acre of the nine principal crops, but since that time the yield per acre has shown no increase, and in consequence the per capita production of the principal crops, as charts 3 and 4 indicate, has shown a tendency to decline almost steadily since 1900. The number of livestock per capita has also declined about 30 per cent since 1893. The wheat acreage has undergone a great reduction since 1920.

Then the board concludes:

The average farmer and his family under present conditions are working so hard, and the overhead charges for interest and taxes are so high, that stabilization or even moderate increases in prices would hardly be likely to stimulate any considerable general overexpansion of acreage or production.

Mr. EDGE. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. EDGE. I do not want to divert the Senator at all from his line of argument. I simply asked the question I propounded a while back because the Senator was referring, as I recall it, to the year 1926, when there was an accumulation of a great surplus of cotton, as he has already indicated. The report he has just read, as I have followed him, deals mainly with the conditions in 1920, 1921, 1922, and 1923.

Mr. BROOKHART. No; this comes up to 1926.

Mr. EDGE. I meant to state that. However, that does not enter into the thought I had in mind, if I may repeat it, that any system whereby an organization is set up to handle surpluses—and I entirely agree with the idea and purpose of setting up such a stabilizing organization—and such a surplus did exist as to cotton—such organization must of necessity have some direct control over the production that is to follow, or the surplus will not be greatly decreased. That is obvious. The law of supply and demand is all very well, but if the surplus is held and dealt out at a profitable figure—and it should be; that is the idea of such an organization—most naturally the acreage devoted to that particular crop will continue to be cultivated, and, I assume, unless some restriction is enforced, we will constantly have a surplus.

Mr. BROOKHART. Does the Senator oppose the production of a surplus in the United States?

Mr. EDGE. Oh, no. I am never opposed to any policy that will mean a further encouragement to energy or enterprise, be it agricultural or be it industrial. However, we must face conditions just the same, and if there are to be these surpluses just one of two things must happen—we must either have some control in order to diversify the type of crops or we must frankly admit that the surplus being added to year after year by production we must, in one form or another, establish some system of subsidy. There is no other possible solution of the surplus problem.

Mr. BROOKHART. The board would have perfect control of the surplus, and it would be impossible to produce a world surplus over a series of years.

Mr. EDGE. That apparently was not the situation in 1926 as to cotton.

Mr. BROOKHART. There are two surplus arguments being made—one for the United States, and one for the world.

Mr. EDGE. Any surplus is necessarily for the world. The surplus must be marketed somewhere outside of our own country, whether it is a surplus of agricultural products or a surplus of manufactured products. That is the only definition of the word "surplus." In the United States the manufacturing industries have a very much better set-up, very much better salesmanship, are very much better organized, in order to take advantage of the world's market with their surplus; there is no doubt about that, though I do not intend to get into that argument with the Senator to-day. Agriculture is in a weak and, in a way, a defenseless position as to organization. We are all here trying to find a remedy. Nevertheless, from a

cold-blooded, business standpoint, we must either purchase the products of the farm at home or the producer will have a surplus to dispose of abroad. I do not want to discourage the farmer from raising crops, but I do think he should be admonished, as far as that is possible, in trying to reduce the surplus to what we could in an ordinary, orderly marketing method distribute for him at home and abroad.

Mr. BROOKHART. I think in 25 or 30 years we will have no surplus except possibly in cotton, and that is the easiest to handle and to finance of all our surpluses, because we can store it and keep it for future sale. Our surplus in that length of time will have disappeared. We will have enough people to use it all up. But that is a long time to stay in bankruptcy and let our prices be fixed in the foreign market. The industries have been given the protection of the Government. The Government has given them a protective tariff which economists estimate is costing the American people as high as \$4,000,000,000 a year on the manufactured products, and yet the Senator from New Jersey voted against taking \$100,000,000 out of that vast \$4,000,000,000 sum and paying it back to the farmers, who are paying a part of that \$4,000,000,000 increased price, and a large part of it. The Senator objected to turning even that much back to them to stabilize and raise their own prices toward that same level.

Mr. EDGE. To what particular bill does the Senator refer?

Mr. BROOKHART. It is the debenture plan to which I am referring now.

Mr. EDGE. I have voted for many bills to make available for many purposes funds for purchasing seeds, supplies, and so forth, for the farmer, and have always done it with great pleasure. I did vote against the debenture plan and I am quite ready to discuss that in my own time.

Mr. BROOKHART. I think the Senator is very consistent in his course, because he has consistently voted against any plan that would really be effective for agriculture.

Mr. EDGE. Of course, that is entirely a difference of opinion. I really rose to interrupt the Senator on the question of surpluses that we can not dispose of by miracles. We can only dispose of them by selling them, and we can only do that by selling at a price which will bring a profit to the producer or else the Government must pay the difference in some form or other of subsidy. We can not get away from that economic truth.

Mr. BROOKHART. Does the Senator doubt if we had taken the vast surplus of cotton in 1924, 1925, and 1926 and given the farmer the price of production, to wit, 23 cents, when the farmer got actually only 10 or 11 cents, and had held that surplus and said to the world, "We will not sell it until we get our price, the cost of production plus a reasonable profit," that it would have been sold long before this time?

Mr. EDGE. I think I have made it clear that the safe and sane thing to do is to have some control on future production. That is my position.

Mr. BROOKHART. I care not what happens on that point, the production is not going to continue at the same high level every year. The farm one year will produce a big crop and the next year a failure, and that is beyond the control of the Government, the farmer, or anybody else; but we do know from the history of the matter that over a period of six or seven years there never has been a surplus of anything.

Mr. EDGE. There was a surplus in 1926.

Mr. BROOKHART. Yes; temporarily, but it is gone already. Already the shorter crops since have created a demand so it could be sold and has been sold in the world market. But a few speculators bought up that cotton, dumped it into the world market and broke the market down, and they made a little narrow margin on it, whereas if it had been financed and held collectively as should have been done by the farmers themselves, the farmers would have received the cost-of-production price.

Mr. EDGE. Does the Senator object to a board having a proper revolving fund of \$500,000,000; and so far as I am concerned I would vote for \$750,000,000 if necessary to bring results. I consider the plan fundamentally a sound one, so that actually the amount of money the Government shall advance, which it should get back at some time in the future, to me is merely a detail. Does the Senator object to the board having some control and exercising it and trying to supplement the good Lord and weather conditions by discouraging overproduction? If we should develop a large surplus, does the Senator mean to contend that it would not be the duty of the board at least to issue some admonition to try to diversify, as they have been trying in Iowa, and to suggest that in the South possibly they plant more corn and less cotton? Is not that a part of the duty of the board?

Mr. BROOKHART. The Senator has not mixed in the farm business very much. I see that plainly.

Mr. EDGE. I admit my lack of technical knowledge, and I base my argument alone on the marketing of the surpluses, and that I think any man can understand.

Mr. BROOKHART. I am in favor of controlling production by having the farmers diversify and rotate their crops in the best way so as to preserve their soil and not let it be depleted. That in the end will increase production rather than decrease it. But to go out to the farmer and say, "You shall abandon a portion of your land," when he has interest to pay on his mortgage, "and not even try to raise a crop," is, to my mind, clear out of the question. I can see no reason or justification for it. There is no occasion for doing it if we control the surplus market for disposition in the world market and remove it from the domestic market so it will not depress the domestic market.

I want to ask the Senator if he objects to the domestic market paying the farmers of the United States the 90 per cent of the production cost to which they are entitled, with a return of 5 per cent upon capital invested?

Mr. EDGE. No; I think they deserve more than 5 per cent. I believe we help them by the installation of the protective tariff. We probably have not in the case of wheat and commodities of that kind helped them as much as we would like. That is an economic fact and a condition that everyone fairly well understands.

Mr. BROOKHART. Wherever we have had a surplus of farm products the tariff has not been effective; that does not work. That was very fine for the manufacturer's products, because they finance and control their surplus and do not let it depress their domestic market. But the farmers not being organized and the farmers' own deposits being in a commercial banking system which takes the money over to New York largely for speculative purposes, the farmers are not backed in the same way the commercial and manufacturing business is, and they can not handle their surplus, and that is why we have to consider the proposition of a Government organization.

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from North Carolina?

Mr. BROOKHART. I yield.

Mr. SIMMONS. It does not seem to me that we should be so anxious to impose restrictions upon production even though we have to export a part of the product. It is our exportations that enable us to carry on our world trade, which has become nearly as good to us as our domestic trade. The question of controlling the surplus has to do with the maintenance of American prices for the product of which we produce the surplus. Our manufacturers produce a surplus of goods, but the tariff enables them to get the American price for the domestic consumption and they sell the balance in the market of the world, of course, at world prices. We have some surpluses, as in the case of cotton, where the tariff can not give us control of the American market and where we can not through the tariff get the American market price. That surplus should be controlled in some way or other so as to enable the cotton farmer, together with the manufacturer, to get the benefit of the American price. If he gets the benefit of the American price, then he must take his chances as to surplus. That is true of every product we produce in the country in excess of domestic demands.

Mr. BROOKHART. I think the Senator from North Carolina has the correct idea.

Mr. SIMMONS. I think though we ought not unnecessarily to curtail production in this country. Every product which we produce should, in my opinion, get the benefit of the American price for the part which is produced and sold in America, and then the world will, as usual, take care of the balance. The debenture plan enables the American cotton manufacturer to get the benefit of the American price for that part which is consumed here. If perchance any part of that crop has to be sold abroad in years when there is a big surplus, of course, he will have to take the lower price in the world market for that portion of his product.

Mr. BROOKHART. I am in accord with the statement of the Senator from North Carolina.

I want to ask the Senator from New Jersey a question. The Senator from New Jersey has stated that the farmers are entitled to get the cost of production and I only claim the average cost. We can not do it for the individual farmer. Further, the Senator said that the farmer should have 5 per cent or more return on capital invested. Does the Senator object to setting up such an organization using Government funds, since we concede the farmers do not have the organization and can not in a lifetime get an organization to provide those funds? Does he object to setting up an organization that will give that price to the farmer?

Mr. EDGE. Quite the contrary. I have iterated and reiterated my thorough accord with setting up such an organization and have even gone further and said that if it can be demonstrated, and I am far from being a student of that feature of the problem, that we need more than \$500,000,000, I will gladly vote for more than \$500,000,000.

Mr. BROOKHART. That is very fair. I want to call the Senator's attention to the fact that there is no such provision in the bill. There is absolutely no provision except to lend them more money as the intermediate credit bank has done, and that does not help the situation.

Mr. EDGE. I understood the Senator to make that general statement in the opening of his remarks. I do not exactly follow him in that proposition. I consider that the bill sets up an organization with great power. I do not consider that the board is restricted under the terms of the bill so as not to be permitted to use every possible method of stabilization, both by holding surpluses and by loaning money and by helping to build storage houses for surpluses, and various other helpful detailed methods.

Mr. BROOKHART. Does the Senator understand the bill to have a provision by which the board can buy and hold these surpluses with the funds provided?

Mr. EDGE. I would not go that far—not to buy and hold them as a board, but to loan money so that that object can be attained. I refer to the chairman of the committee, the senior Senator from Oregon [Mr. McNARY], who is nodding in approval and apparently I have correctly interpreted the terms of the bill.

Mr. BROOKHART. Then so far as the Government and the board are concerned, it is nothing but a money-lending plan and that is what it was under the intermediate bank plan.

Mr. EDGE. I can not agree with the Senator in that statement.

Mr. BROOKHART. Now about losses. Suppose the board was set up and the Government funds were used to buy the surplus, and suppose the Government was not able to sell it in the world market at the price paid, but had to sell at a loss. The Senator remembers when the railroads were turned back under the Government guaranty of war-time profits they were paid \$529,000,000 out of the Treasury to guarantee profits and not of losses. Would the Senator have any objection to using a similar fund to pay losses for the farmer until the organization is started?

Mr. EDGE. My interpretation of the net result of the present bill is that the money to be advanced for these various purposes would probably have the same result. If it could not be repaid no one would lose it but the Government of the United States. But if it can be repaid certainly, following the policy which those representing, or purporting to represent, the farmers have indicated in the consideration of the equalization fee, the farmers want to repay it. I can not see any real point in the Senator's question. We advance the money. If it can not be repaid taxpayers pay the bill and suffer the loss.

Mr. BROOKHART. But we do not advance the full amount. We advance it only as we get good security. The intermediate credit banks can do that now and since 1923 could do it. Why did they not do it and why did it not work out?

Mr. EDGE. In my judgment the bill goes far beyond the power of the intermediate credit bank.

Mr. BROOKHART. Will the Senator point out specifically the things this board can do that the intermediate credit bank can not do? I have asked the chairman of the committee and I have not been able to find out.

Mr. EDGE. I will not attempt to do that, but I am quite sure—

Mr. McNARY. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Oregon?

Mr. BROOKHART. I yield.

Mr. McNARY. It is not necessary to do those things for the edification of the Senator from Iowa. During the two days when I first explained the situation I pointed out very clearly, I think to the satisfaction of everyone who heard me, precisely what I thought this bill would do. I am not in accord with the Senator's view in any respect whatsoever, and no one who studies the bill could follow him in that connection, either. However, I am not going to take the time of the Senate by being drawn into a controversy in which I am not interested and which would be useless and purposeless when I am trying to have the consideration of the bill concluded.

Mr. BROOKHART. The Senator from Oregon has a perfect right to stay out of the controversy, but when I asked him the question he told me it would lower the interest rate, and I told him we could do that under the administration of the inter-

mediate credit banks. That was the only distinction the Senator from Oregon was able to draw, and the Senator from New Jersey has not been able to draw any distinction.

Mr. EDGE. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from New Jersey?

Mr. BROOKHART. I yield.

Mr. EDGE. I will not allow that statement to go unchallenged. I think I have made it quite clear that there is a great distinction as to many details under the provisions of the bill. In the first place, the board under this proposed legislation will have more money with which to operate, and that is a very important distinction. The intermediate credit banks are very limited in their opportunities to loan, and loans are made under specific conditions. I do not recall those conditions offhand, but they are banking conditions, and they are very stringent in many details. As I have already said, under the pending measure money is to be advanced for the building of storage houses, elevators, and all kinds of machinery to be used in handling surplus crops. There is no comparison between the power given the intermediate credit bank and the power proposed to be granted to the farm board, with an appropriation of half a billion dollars, and the Senator from Iowa well knows it.

Mr. BROOKHART. The intermediate credit banks can make loans for all of those purposes to the cooperatives themselves; they are distinctly authorized to do so; and there is more money provided for the purpose than in the pending bill. The authorization to the intermediate credit banks is to the extent of about \$650,000,000, while only \$500,000,000 is proposed to be provided in the pending measure. That is the situation.

When we get down to the facts we do not disagree really as to what ought to be done, but we have cooked up here a mess that will not do anything. It is a "pseudo" scheme, I say to the Senator from Ohio; it is not genuine. It is not going to give to the farmers equality with industry; it is not going to give to them their cost of production; it is not going to give them any margin of profit. It will work out as the intermediate credit bank has, and the farm fight will go on as it has gone on in the past but, I trust, more effectively than it has gone on in the past.

Mr. President, I have taken a good deal more time than I intended to take. At 3 o'clock a limitation of 10 minutes on debate will begin, and I wish to conclude in a very few moments. I have, however, introduced a bill to meet the present emergency. It is not my bill; I have no right to claim any pride of authorship in the bill, because my bill comprises the best thought of the Senator from Oregon [Mr. McNARY] when he introduced the first so-called McNary bill in the Senate. It contains the best thought of the Senator from Nebraska [Mr. NORRIS] when he introduced the first farm bill that was ever offered, I believe, for the relief of agriculture. It contains the best thought of the President of the United States when he served at the head of the Food Administration and of the Wheat Corporation. It contains all those things. It embraces the best thought embodied in the railroad law which the Senator from Ohio supported. It contains the best thought embraced in all the paternalistic measures which the Government has adopted for other lines of business. It will live up to the Republican platform.

The Senator from Idaho voted for this bill in substantially the form I have offered it. He was on the resolutions committee of the Republican National Convention, and he told me at the time that he saw to it that nothing went into the Republican platform to controvert or contradict any part of the proposition that I am suggesting. I repeated that statement many times during the campaign. I have examined the platform, and, carefully construing everything in that document, I do not think it controverts anything in the proposal which I have offered here.

First, I estimated that it would require fifteen hundred million dollars of Government funds at some time to handle the exportable surplus. There will be times when a less amount will do, but that much ought to be available. If we are going to handle the surplus, we must have the funds or we shall fail; we must be certain that we shall have the finances to handle it.

Second, I have provided that the Agricultural Department shall determine the average cost of production of farm products. The average cost of production is the basis of every sound business in the world. No successful business can be pointed out which does not figure its cost of production and charge a price that will get that cost of production plus some profit above it; and usually industries take plenty of profit above it if they can.

The bill proposed by me directs the Agricultural Department to allow only 5 per cent on the capital investment. The Senator from New Jersey concedes that that is not enough. I think, however, it is a square deal when we consider the entire business situation in the United States, because the American people have been only producing 5½ per cent a year since 1912. I have those figures. The Senator from Ohio sometimes questions my figures, but I have here a bulletin issued by Mr. Hoover as Secretary of Commerce showing that to be the situation from 1912 to 1922. So 5½ per cent is the yearly amount of American production; that is what we have to distribute. Capital return ought to be held below that, for capital is not entitled to all of the wealth produced in this country. It is unthinkable to give to a few blocks of capital all that the American people, all that capital, and all that the increase in property values and everything else can add to the wealth of our country. So I put the rate of return below 5½ per cent. I think if it were even lower it might afford a fair deal, because labor and invention and genius and management are entitled to some share in the wealth produced in this country.

I have provided in the bill to which I have referred that the organization set up shall bid to the farmers the cost of production price determined by the Agricultural Department. Then I know the farmers will get that price; there will be no juggling about that; there will be no "pseudo" business in that sort of an operation.

I concede that there may be losses, although the Senator from Utah [Mr. SMOOT] has said on the floor of the Senate to-day that there need be no losses, and I, myself, think there will be practically no loss. There certainly will be none in the case of cotton; and wheat is in almost the same condition, and right now there is a big surplus of wheat. If we could buy it and hold it for a year or two it could be disposed of without loss if we operated in cooperation with the Canadian pool, because the two of us together would have over 60 per cent of the exportable wheat of the whole world, and there is no reason why the two of us together should allow the world market to be broken down because we have this surplus.

In 1926 the farmers of the United States sold 41,000,000 hogs; in 1928 they sold 48,000,000. They got \$200,000,000 less for the 48,000,000 than they received for the 41,000,000. There is not any business judgment or sense in that sort of a situation, and it is all due to the fact that prices are fixed in the competitive world market, over which we have no control.

As I have said, I concede there might be some losses in the operation of this export corporation. There might be times when it would become necessary for somebody to make up a loss; there might be times when we would not be able to dispose of some of the products at the cost-of-production price. I do not hesitate to say, as Mr. Hoover said in his acceptance speech in California, that we ought to spend several hundred million dollars out of the Treasury of the United States to protect our farmers against that loss.

I have provided in the bill \$600,000,000. That item is less than the amount which has been paid to the railroads since they were turned back into private hands in 1920. I have heretofore had printed in the Record a letter from the Interstate Commerce Commission showing that we paid the railroads out of the Treasury this bonus, this guaranty, this paternalistic support of \$529,000,000 to guarantee their war-time profit for six months after they were turned back under their own management. I add to that the \$59,000,000 profit which Mr. Hoover turned into the Treasury of the United States from the operations of the Wheat Corporation. There were no losses resulting from that operation, but on the contrary a profit accrued. The two together make nearly \$600,000,000; and so, in order to make the amount even, I fix it at that figure. I say the Treasury owes that much, and I believe that would run this institution for 10 or perhaps 15 years. Then we would know how the plan works and would know what to do about it.

Again, it is said we should not put the Government into business, and then there is brought into the Senate a bill which puts the Government into a half dozen different kinds of business. The bill which I have offered is the only one which ultimately will take the Government out of business. I provide in that bill for changing the whole thing into a cooperative system. There is where the farmer-owned and farmer-controlled institution comes in.

I have a precedent for the change proposed by my bill, and that precedent is found in the Federal land bank act. It is provided in that act that the farmer shall subscribe for cooperative stock, and that his subscription shall be used to pay back the Government's investment. Already sufficient and more than sufficient has been subscribed to pay back all the Government has advanced. In the same way I have provided for the subscription to cooperative stock in this institution by the

cooperatives of the country. By and by we will have a sufficient fund subscribed to repay the revolving fund of fifteen hundred million dollars, if that amount shall ever be used. Then the Government can go out of the business.

I notice, however, that when the Government gets into business, as in the land-bank business, it likes to be in the business and hangs right onto it. Instead of developing a plan to turn it back into a farmer-owned and farmer-controlled institution it continues it under a board or a bureau appointed by the President and confirmed by the Senate. There is no consistency in the arguments which are advanced here. They are unfair to the farmer; they are "pseudo" stuff and do not give the farmer a fair deal.

Mr. President, my position has changed but little since the very beginning of this struggle. I thought the Senator from Oregon and the Senator from Nebraska had it well figured out in the beginning, but the pending bill recedes far from the position which they occupied. They had a measure of value in the original bill. The first McNary bill provided that the farmer should have the pre-war ratio price. I did not favor that, because that is not a sound basis of prices. Cost of production is the only sound basis of prices; but that was better than no prices. That measure was very good for the farmers of the Northwest; it was not good for the cotton farmers of the South; the price was too low. I know as to that, for I raised cotton down there before the war, and I know what happened.

So, Mr. President, if the Republican Party wants to carry out the pledge it made to the farmers it ought to proceed along some such line as I have suggested. The party asked me to make pledges to the farmers, and I did it in the States which I visited. I spoke in good faith; I was not playing any "pseudo" game with the farmers of the United States, and I do not intend to play it now in the Senate. So far as I am concerned, I do not intend to go back on what I said to them and what I promised to them. I think the pending bill is not one which complies with the Republican platform; I think it has not carried out the pledges of the Republican Party, nor does it carry out the pledges of the Democratic Party. I think it will not bring to the farmers the relief to which they are justly entitled.

Mr. COPELAND obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

The VICE PRESIDENT. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Fletcher	King	Sheppard
Ashurst	Frazier	La Follette	Shortridge
Barkley	George	McKellar	Simmons
Bingham	Gillett	McMaster	Smoot
Black	Glass	McNary	Steck
Blaine	Glenn	Metcalf	Steiwer
Blease	Goff	Moses	Stephens
Borah	Goldsborough	Norbeck	Swanson
Brookhart	Gould	Norris	Thomas, Idaho
Broussard	Greene	Nye	Thomas, Okla.
Burton	Hale	Oddie	Townsend
Capper	Harris	Overman	Tammell
Caraway	Harrison	Patterson	Tydings
Connally	Hastings	Phipps	Vandenberg
Copeland	Hawes	Pine	Wagner
Couzens	Hayden	Pittman	Walcott
Cutting	Hebert	Randsell	Walsh, Mass.
Dale	Hefflin	Reed	Walsh, Mont.
Deneen	Howell	Robinson, Ark.	Warren
Dill	Johnson	Robinson, Ind.	Waterman
Edge	Kean	Sackett	Watson
Fess	Keyes	Schall	Wheeler

Mr. SCHALL. My colleague [Mr. SHIPSTEAD] is still confined to the hospital. I will let this announcement stand for the day.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present. The Senator from New York [Mr. COPELAND] has the floor.

Mr. HEFLIN and Mr. WALSH of Montana addressed the Chair.

The VICE PRESIDENT. Does the Senator from New York yield; and to whom?

Mr. HEFLIN. Will the Senator yield to me to offer a short amendment?

Mr. COPELAND. I yield.

Mr. HEFLIN. I desire to offer the following amendment: On page 17, line 14, after the figures "\$500,000,000," insert "or whatever sum of money the Federal farm board and the President agree is necessary to carry out the provisions of this act."

Mr. WALSH of Montana. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Montana?

Mr. COPELAND. I yield.

Mr. WALSH of Montana. I inquire what is the amendment now pending?

The VICE PRESIDENT. The pending amendment is that offered by the Senator from Montana. The amendment of the Senator from Alabama is not in order at this time, but will be printed and lie on the table.

Mr. HEFLIN. That is the purpose in offering it at this time.

Mr. WALSH of Montana. I inquire of the Senator from New York if he desires to address himself to the amendment proffered by me?

Mr. COPELAND. I ask that the amendment of the Senator from Montana be read.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Montana moves, on page 8, line 9, to insert the following after the word "time":

The board shall adopt rules specifying the qualifications requisite to entitle a cooperative association to join in an application for the certification of a stabilizing corporation and all cooperative associations possessing such qualifications shall be permitted to join. And any such cooperative association shall, at any time, upon application, be entitled to admission to membership in such stabilization corporation upon such terms as the board may from time to time prescribe.

Mr. COPELAND. Mr. President, in reply to the Senator from Montana I will state that I have no desire to discuss this particular amendment. If it is not controversial and can be disposed of promptly, I shall be glad to yield for that purpose.

Mr. BLAINE. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Wisconsin?

Mr. COPELAND. I do.

Mr. BLAINE. I was going to inquire of the Senator from Montana if he would not agree to transpose his amendment to line 7, after the word "commodity," instead of line 9, after the word "time"? It does not affect the provisions of the amendment, but I think it places it in the appropriate place.

Mr. WALSH of Montana. As a matter of fact, I was somewhat troubled as to the appropriate place the amendment should occupy in the bill. Will the Senator suggest to us why he thinks it should go in there?

Mr. BLAINE. I may state, Mr. President, that if the amendment follows the word "commodity" it will in effect take care of what I regard as the rather defective or uncertain wording of the section just prior thereto. I understand that the purpose of the Senator from Montana is to permit the cooperative associations to join the stabilization corporations directly instead of merely holding the stock of stock or membership corporations. In other words, he wants to bring the cooperative association closer to the stabilization corporation.

Mr. WALSH of Montana. I am not sure that purpose will be effected by anything in the amendment offered by me; but if the Senator from Wisconsin is of that opinion, I have no objection at all to making the change suggested by him.

Mr. BLAINE. I observe, if the Senator will pardon the suggestion, that his amendment provides that "all cooperative associations possessing such qualifications"—that is, the qualifications adopted under the rules promulgated by the board—"shall be permitted to join." I should assume that that would mean any cooperative association organized under the laws of any State, and not just cooperative associations owning the stock of stock or membership corporations.

Mr. WALSH of Montana. That is what I had in mind.

Mr. COPELAND. Mr. President, before the Senator answers, may I ask the Senator from Oregon whether the amendment which has just been offered by the Senator from Montana is acceptable to the committee?

Mr. McNARY. When we reach that point I shall be glad to discuss it. The Senator from New York has the floor, and I assume desires to discuss some phase of this question. I suggest that he go forward with his remarks. We are not considering the amendment of the Senator from Montana.

Mr. COPELAND. The only question I had in my mind was this: If the amendment offered by the Senator from Montana is acceptable, and can be disposed of, it might facilitate matters; but if it is argumentative—

Mr. WALSH of Montana. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Montana?

Mr. COPELAND. I yield.

Mr. WALSH of Montana. I have a group of amendments more or less related. It probably will take some time to dis-

pose of them. If the Senator desires to address the Senate, I suggest that he do so.

Mr. COPELAND. Mr. President, I send forward an amendment, which I ask to have read. I know it is not in order now, but I should like to have it read at this time.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from New York offers the following amendment: On page 14, line 21, strike out "Such loans" and insert the following:

No such loan for the construction, purchase, or lease of such facilities shall be made unless the cooperative association or stabilization corporation demonstrates to the satisfaction of the board that there are not available suitable existing facilities that will furnish their services to the association or corporation at reasonable rates and no such loan for the construction of such facilities shall be made unless the cooperative association or stabilization corporation demonstrates to the satisfaction of the board that suitable facilities are not available for use or for purchase or lease by the association or corporation at a reasonable price or rent. Loans.

The VICE PRESIDENT. The amendment will lie on the table.

Mr. COPELAND. Mr. President, I assume that the purpose of this amendment is made clear by its language. I did not prepare it. It was written by the able chairman of the committee, the Senator from Oregon [Mr. McNARY]. Its purpose is to make clear to the board that it shall not use the funds of the corporation for duplicating facilities which are already in existence, provided satisfactory terms can be made with their owners. I hope that at the appropriate time this amendment may be adopted.

I understand that the same language, or at least the same idea, is contained in the House bill. I assume there will be a willingness on the part of the Senate to accept this amendment. I sincerely hope so.

There is great discontent in parts of my State, both in the city and in the agricultural sections of the State, about the bill which is pending. I wish to have read by the clerk a telegram, which I send to the desk. It shows the attitude of the growers of one agricultural product, one of the perishable products. It is a telegram from the growers of apples.

The VICE PRESIDENT. Without objection, the Secretary will read the telegram.

The Chief Clerk read as follows:

WILLIAMSON, N. Y., May 13, 1929.

Hon. ROYAL S. COPELAND,

Senate Office Building:

As extensive apple growers of western New York we urgently appreciate your fight to exclude apples from farm relief bill. Please continue your efforts and insist on exclusion of apples from stabilization provisions on bill. Use best efforts to bring about reconsideration on Monday.

F. W. CORNWALL.

SAMUEL VALORE.

W. P. ROGERS.

W. R. TEATS.

GEO. STEVENSON.

H. V. PEARSALE.

FRED S. TODD ESTATE.

GEO. A. MORSE.

EDWARD DERIGHT.

Mr. COPELAND. Mr. President, this telegram is placed in the RECORD in order that Senators may understand there are large groups of producers of agricultural products who are not satisfied with the present wording of the bill.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Massachusetts?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. Will the Senator permit me to put in the RECORD at this point a similar telegram from my own State on the subject he is now discussing?

Mr. COPELAND. I am very happy to yield for that purpose.

The VICE PRESIDENT. Is there objection?

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

BOSTON, MASS., May 13, 1929.

Senator DAVID I. WALSH,

Senate Office Building:

Demand reconsideration and insist exclusion apples stabilization provision farm relief bill.

ALFRED W. OTIS & Co.

Mr. COPELAND. Mr. President, I am very much concerned over a situation which I believe confronts our country. I do not suppose my concern is a matter of great importance, but there is growing an increasing division between the agricultural parts of our country and the great cities. We have a conflict, a conflict of sentiment, a conflict of ideas. There is a lack of

mutual understanding between the cities and the rural districts. I want to say something about it.

First, let me picture the attitude of the city. I ventured to vote for the debenture part of this bill. I voted twice for the equalization fee in the McNary-Haugen bill. I voted to pass that bill over the President's veto. On every occasion when I had an opportunity to do so, I voted for what I thought would help the farmers of America.

In doing that, Mr. President, I think I was voting to help the residents of the cities of America. There can be no continued prosperity in any part of our country unless there is prosperity in every part of our country. There can be no prosperity in the cities, where men and women are employed, unless the manufactured products of the cities can be sold. The chief purchasers of those products are the farmers of America.

I have read editorials in almost every metropolitan paper of my State condemning me for my attitude, saying that I voted against the best interests of my State when I voted as I did. Let us consider that criticism a little bit.

One great editor, a friend of mine—and I respect him and admire him; I have real affection for him; I shall not undertake to quote his language, but the spirit of his comments—said that it is perfectly absurd to try by any sort of legislation to help the farmer. He said the farmers will prosper as the country prospers; that the farmers will benefit by the general prosperity of the country. Let us see if that is true.

As I said before, I always speak about the wheat farmer; I do not know anything about cotton. I was born in the North, where no cotton was raised. I was born on a farm where wheat was raised. How can the wheat farmers of America prosper as those engaged in other industries in America prosper? How is general prosperity going to help them any?

Men can not eat any more bread than they are eating. There is no way materially to increase the consumption of breadstuffs. It is an entirely different thing when we talk about automobiles. The demand for automobiles has not been satisfied. By advertising and high-powered salesmanship more families may be gotten to buy more automobiles. That will go on until every family is supplied, and when every family has both a Rolls-Royce and a Ford, then they will not buy any more automobiles; but we are a long way from that point.

I spoke over the radio in London five or six years ago, and at that time there were only 10 radio sets in England. Now there are three and a half million radio sets in England. During these five or six years there has been developed a demand for radios, and those radios have been purchased. That has been good for the manufacturers of radios. But are the people eating any more bread in England than they did six years ago? Certainly not. Not so much; there is a decline in the consumption of breadstuffs.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. FRAZIER. I want to call the attention of the Senator from New York to the fact that instead of people using more bread they use less because of these radio talks by health experts and dietitians who go over the country advocating that the people should use whole-wheat bread. They cut down on the use of bread and cut down on the use of potatoes, largely, and it makes a great difference in the prosperity of the farmer.

Mr. COPELAND. Mr. President, this all adds to my argument. These health experts talk over the radio, write health articles, and advise people not to use so much starch. That is true; but the fact is, is it not, that we can not increase the prosperity of the farmer by any increase in the business prosperity of the Nation? I think that is perfectly logical. I do not see how anybody can dispute it.

There is only one way by which the farmer can be benefited, and that is by getting more money for his crop. If he can get more money per bushel for the wheat he raises, he is going to prosper accordingly. It is absurd to say that the general business prosperity of the country will help the farmer. It will not, because the demand for the farmers' products is a demand which has already been completely satisfied. I am sure I am right about that. If I am not, I would be glad to have somebody tell me I am mistaken.

Other papers have said that any such vote cast by a New York Senator must be against the interests of the taxpayers of New York. Let us see about that. I have said here often, and I repeat it now for the sake of this argument, that people think about New York City as a great financial center, and the Senator from Iowa [Mr. BROOKHART]—who is not in his seat just now—will rail about New York and the wickedness of New York.

People do not think about New York as a manufacturing city, do they? Yet my city of New York manufactures in bulk and value more goods than the combined cities of Pittsburgh, Cincinnati, St. Louis, Milwaukee, Cleveland, Detroit, and Boston. More manufactured products are sent out of my city every year than are manufactured in those great, so-called, manufacturing cities. And where do those goods go? As I said the other day, we make kimono and overalls. We do not wear many of them in New York. You rarely see them on Broadway.

We sell those products to the farmers of America. Over half the manufactured steel of this country is sold to the farmers. Am I voting against the interests of the taxpayers of my city when I vote to help the farmer to have an income enough so that he can buy the manufactured products of my city and State? I know I am serving the citizens of my State by anything I can do to increase the buying power of the farmers of America. I have no patience, to tell the truth, with the criticisms which are passed upon Members of this body who are voting and striving to increase the purchasing ability of the farmer. So much for that.

Mr. WALSH of Massachusetts. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from New York yield to the Senator from Massachusetts?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. I have observed that some of the criticisms in the press editorials published in the press of the Senator's State have attributed to him a political ambition as the motive for his vote. I want to suggest that that could not have been said of the Senator's vote previous to the last election, when he voted for the McNary-Haugen bill. I repeat what I said before, that the Senator showed very great courage on the eve of the election in New York State in taking the position which he took, with the press of the State unitedly opposed to the McNary-Haugen bill.

Mr. COPELAND. I am very much obliged to my friend from Massachusetts, who is always kind and courteous, and who has been particularly nice to me ever since I came to this body.

I do not know just how my fortunes will be affected by my vote on the debenture plan. My State gave me a very generous vote last fall when I sought to come back to the Senate. I had the pleasure of carrying my city of New York by a larger majority than anybody else ever received, about 550,000. So I did not suffer much on account of supporting the equalization fee. But that is entirely aside from the question at issue.

I am not disturbed by what the papers say, and I do not blame the editors. The editors of the New York papers are expressing the sentiment of the bankers and business men of my State. All of them think that there is something wrong about any kind of legislation which has to do with the betterment of the farmer.

There will not be any trouble about it when it comes to the tariff bill. There will be almost unanimous support of it from the press of my city. The editors who have been critical of my vote on the debenture will be enthusiastic for the tariff abomination which is about to be presented to us.

But this is perhaps more or less a sugar coating. I want to speak now of the misunderstanding on the part of farm and agriculture of the people who live in the cities. I am sorry the Senator from Iowa [Mr. BROOKHART] is not here at the moment. Perhaps he will come in later. I have a paragraph which I wanted to recite for his benefit, but I will omit it.

I want to tell the Senate a little about New York City. We have in the public schools of New York City 1,200,000 children. If we were to send out of New York City all the parents of those children and all the children of the rich who are in the private schools of New York—if we were to send out of New York City all the bankers and brokers, everybody except the children in the public schools—New York City would be the fourth largest city in the United States. The school children in New York City would, if they alone were counted, make it the fourth largest city in the country.

Who are those children? They are children from homes where live people just like the citizens of Iowa, Nebraska, Idaho, Michigan, North Dakota, and Montana; the same kind of folks, the same kind of people. They are not children from homes of the rich. Most of them are from homes of parents who must work.

Let me point out that thousands upon thousands, tens of thousands of those children, come from homes where the father works for some produce man or some commission man. When something is done in the Senate to hurt the commission and produce business in the country, something has been done that will lower the standard of living of tens of thousands of families in my city. Are you willing to do that?

Some of you rail about New York City, about the "bejeweled brokers" in my city, and imagine that they alone represent the manhood of New York. The people of the city of New York are just like the people of every other community in this great country of ours.

I feel very much hurt to think that while I have gone the full limit of what I can do to help the farmers of Iowa and other States, yet when I present to the Senate an amendment to the bill which seeks to preserve the commission and produce business of New York and the other cities of my State, as well as the cities of other States in this country, that amendment is supported by only 11 votes, and only 4 of those besides my own came from the group which has voted for the debenture plan in the bill. Senators are willing to have us stand here and cast our votes to help the farmers of the country, but they are unwilling to cast their votes to help the people in my city by the tens and hundreds of thousands who work with their hands just as hard as any farmer on the face of the earth.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Idaho?

Mr. COPELAND. I yield.

Mr. BORAH. Does the Senator think he states that position quite fairly?

Mr. COPELAND. If I have stated it unfairly, I would be very glad indeed to be corrected.

Mr. BORAH. The Senator's amendment went much farther than indicated by his present language. The Senator was proposing by his amendment to deny certain people in the United States the right to enjoy the privileges of the bill if they desired to do so. We in no way propose to interfere with the commission merchants of New York. We simply state to them, "We do not think you ought to deny other people the right to engage in enterprises and industries in accordance with the terms of the bill if they desire to do so."

Mr. COPELAND. Does not the Senator recognize as having any value the statement which I made and repeated on occasions that if there is written into the bill the right of the board to make use of the funds to be turned over to them, that very state of affairs will create a psychology which will of necessity ruin the commission and produce people?

Mr. BORAH. No; I do not admit that at all. I think the individual initiative, the capacity, the genius of the men who are now engaged in the commission business will enable them to carry on their business so much more successfully than can possibly be done under Government operation that they need have no fear in that direction at all. The only reason why we advocate the idea is because of the serious distress which exists in certain parts of the country where we think it may be of some possible help to them. But I do not think for a moment that the Government is going to engage in the business so successfully as to put out of business those whose genius has built up the different industries which the Senator is discussing.

Mr. COPELAND. I am very much obliged to the Senator from Idaho. There is no Member of the Senate who respects him more highly than I do. I have no doubt that with reference to foreign affairs and most matters that come before the Senate he is as well informed certainly as anybody, and perhaps better. But when he talks about the commission business I fear he is not on safe ground and I am going to try to show him why right now.

Mr. BORAH. I will admit before the Senator starts that as to the details and methods of carrying on the business I am very ill informed, although by reason of a bill which I sponsored I have spent a great deal of time in the last two years trying to inform myself and have come in contact with men who carry on the business, and I therefore think I know something about it. Aside from that proposition the Senator, without speaking disrespectfully of him, wanders from the subject. Does he think individual enterprise can not compete with governmental enterprise in this proposition?

Mr. COPELAND. I do.

Mr. BORAH. There is where we disagree and that I do know something about.

Mr. COPELAND. I am going to try to inform the Senator from Idaho something about the commission business. I am going to take poultry and poultry products as an example. Poultry and poultry products comprise an industry that is third or fourth in the country. I think we may say that dairy products come first, with about \$3,000,000,000; corn, with \$2,000,000,000; cotton, \$1,250,000,000; and the poultry business comes fourth. The poultry and poultry products of the country have the enormous value of \$1,250,000,000.

We receive every year in the city of New York \$200,000,000 worth of poultry—\$200,000,000 worth! We take into New

York City every week about 200 cars of live poultry, poultry that comes from Missouri and Indiana—I think no poultry comes from Idaho or Montana—200 cars of live poultry! How is that handled? I will tell the Senator from Idaho how it is handled.

A car is loaded in Indiana with chickens. It is put on the track, and immediately the shipper draws on the commission merchant in New York for \$4,000. That means that every week almost \$1,000,000—\$800,000, to be more exact—of money is actually sent to Indiana, Missouri, Kansas, and Nebraska, and other poultry-shipping States, and it is sent in cash. Where does the commission merchant get that amount of money? I never saw a poultry commission merchant in my life who had \$800,000 or \$200,000. He borrows it from the banks. The banks advance the money.

Does the Senator think the banks of New York would advance any money to pay for poultry if the bankers of New York believe that the Government is going into the business? If he does think that, he does not know the bankers of New York. They will not do it.

I may say to the Senator from Idaho that if the measure prevails without an amendment exempting the articles which I have been discussing, which are dealt in by commission merchants and produce merchants, the Senator is doing a thing that will do more to ruin the potato business of Idaho than any other vote he ever cast possibly could do.

What I have said about poultry can be said about every other edible product, and I speak with some degree of authority on that subject. For many years—and I am sure this is no immodest statement, but is a simple statement of fact—through my official position I learned much of these industries. I had supervision of such industries, so I speak by the card when I say these things.

Many of the products in question are handled by commission merchants in New York City. Let me mention apples in particular. Much of the money to finance commission merchants to handle apples comes from England, because the English are the great purchasers of American apples. American apples are exported to England, and English capital supplies the commission merchants with funds to handle them. If the bill passes as written, it will not only ruin the potato business of Idaho but it will ruin the apple business of Virginia, West Virginia, New York, and other States of the Union.

Mr. WALSH of Montana. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Montana?

Mr. COPELAND. I yield.

Mr. WALSH of Montana. Some time ago a committee of which I am a member, conducting an investigation into the operations of the California Fruit Growers' Association, consisting of a federation of cooperative associations of the State of California dealing in citrus fruits, disclosed the following fact: As I recall, they have in each of the leading cities of the Union, and I suppose, of course, in the city of New York, a bonded agent of their own who, as I understand the matter, performs all the functions of a commission merchant; that is to say, the bonded agent receives the fruit and sells it to the retail dealer. In other words, the ordinary commission merchant of the city of New York does not handle the California citrus fruits at all.

Mr. COPELAND. That is true. That is one product in connection with the distribution of which there has been enough capital so that it has not been necessary to make the ordinary uses of the commission merchant.

Mr. WALSH of Montana. The question I wish to address the Senator is, if in that way the commission merchant has not been driven out of business, why should the Senator think that the commission merchant's business will be destroyed if, for instance, a stabilization corporation dealing with poultry shall be organized and that stabilization corporation shall endeavor to dispose of the products of the member organizations in exactly the same manner as the California fruit growers dispose of their products?

Mr. COPELAND. I have no fear at all that the Government would actually spend money enough to reproduce the intricate machinery in the way of terminals, refrigerators, slaughterhouses, warehouses, elevators, and all that sort of thing, necessary to do that work. Apparently I failed to choose language to make clear my idea: It is the fear that the Government may do this which will ruin the financial credit of these men.

Mr. WALSH of Montana. What has happened to the credit of those merchants in the city of New York who were handling the California fruit product prior to the organization of the California Fruit Growers' Association?

Mr. COPELAND. Some of those men have been able to go on with their work, but, as a matter of fact, by the cooperative movement which originated in California and which affected many cities, the commission merchants in that particular line were practically put out of business. That is what happened.

Mr. WALSH of Montana. That is to say, the cooperatives were able to provide themselves with a better class of service than they theretofore had?

Mr. COPELAND. I am not prepared to say that it was a better class of service.

Mr. WALSH of Montana. At least it supplanted the former service?

Mr. COPELAND. Yes. Now, I will go further and help the Senator in his argument. We have in our section of the country one of the greatest cooperatives in existence, I think—the Dairymen's League. It is a wonderful organization; I take pride in it. It has accomplished wonderful things for the dairy farmers of New York, of Massachusetts, of Pennsylvania, of New Jersey, and the adjoining States. It has gone on and purchased not only creameries in the country and milk plants, but it has gone into the city and has established there pasteurization plants; it has even controlled distribution to some extent. Ultimately, perhaps, it may take over the whole industry.

I think the citrus-fruit growers have done very much the same things, and possibly wisely. But there must be an interim; there must be a period of time before a potato cooperative, a poultry cooperative, an egg cooperative, an apple cooperative, a pear cooperative, a plum cooperative, and peach and cherry and broccoli and cantaloupe cooperatives are ready to do business. The business of the producers of most fruits and vegetables is prospering through the efforts of the commission merchants of New York. If the Senator's ideas shall prevail, the fear that the Government will actually reproduce all of the machinery of those institutions will deter capital, the banks, from furnishing the necessary money to operate the produce houses of New York and other cities.

Mr. WALSH of Montana. I simply rise again, if the Senator will pardon me, to remark that that is a situation which results from the organization of cooperatives all along down the line. Out in my section of country some years ago, indeed, for many years, it was thought by the farmers that they did not get a square deal from the men who were buying wheat for the line elevator companies and other institutions; so they concluded to establish cooperative associations to handle their own product. They did so. They built elevators, which elevators ran in competition with the elevators of the companies, and in a great many places the private buyers had to go out of business, because the cooperatives took all of the business in the locality.

The point I am making, Mr. President, if the Senator will do me the honor to attend to that, is that the cooperative association in all its essence is organized upon the theory and upon the basis that the old machinery by which their products were handled, not by themselves through cooperation at all, but by commission agents, is an expensive and unsatisfactory one. So the argument which the Senator makes, it seems to me, is an argument against the whole cooperative system.

Mr. COPELAND. Mr. President, I think it is undoubtedly true, as the Senator from Montana has suggested, that there have been dishonest men engaged in handling limited quantities of these products.

Mr. WALSH of Montana. I should like to interrupt the Senator at that point. It is not a mere matter of dishonesty, but the contention was that there was a waste there, that the middlemen's profits ought not to be taken away either from the consumer on the one hand or the producer upon the other, but they ought to be brought together through these cooperative organizations, and thus cut out—as it is expressed—the middlemen's profits.

Mr. COPELAND. Mr. President, I can understand that when it comes to a product so widely grown as are wheat or corn or cotton, it is impossible by any ordinary system of cooperation, by a local group or a large group, to handle that product. That is the reason why I am willing to go as far as the Senator from Montana wishes to go with reference to those groups; but when it comes to apples and various other perishables there has been no complaint on the part of the raisers of those products and no such demand for a new system.

Mr. BORAH. Oh, yes; Mr. President, there has been a vast amount of complaint all through the country.

Mr. COPELAND. But it was a complaint that related to certain trade practices of a certain limited number of persons. The Senator's bill—and a good bill I think it is, as he has modified it—is intended to prevent the methods used by the unworthy men in the industry.

Mr. BORAH. Mr. President, I readily concede, anyone must concede, that there are a vast number of people engaged in the commission business who are able and of unquestionable integrity; but there are those connected with that industry of whom that can not be said.

Mr. COPELAND. There would be no need of any law against intoxication or horse stealing or anything else if all the people were good. Laws are not enacted to control those persons who desire to be decent. Regulatory enactments are intended to take care of those persons in trade and commerce who are not "on the level," if I may use that expression. But the bill itself and the thought which the Senator from Idaho has and the thought in the mind of the Senator from Montana go far beyond that. In the view of the Senator from Montana the bill should go into an industry dealing in products that needs no such regulation and aid and assistance. Indeed, by the very effort to regulate and to aid we are doing the things which will destroy the industry by undermining its foundation of credit.

I speak feelingly because I believe that there is about to be imposed upon the great commission and produce business in the cities of America a grave injustice and a grave wrong which will destroy the very agency needed to deal with these products of the farm.

I have distinguished company in the position which I take. The President of the United States used to be Secretary of Commerce—I think perhaps we have not forgotten that fact—and I quote from him while he was Secretary of Commerce:

I do not know of any, even of our highest developed cooperatives, that have not found it advantageous to maintain the private distributor and wholesaler in the cities. He performs a vital economic function, and responsible men do it with great competence.

Mr. WALSH of Montana. Mr. President—

Mr. COPELAND. I yield.

Mr. WALSH of Montana. Referring now to the California Fruit Growers' Association, my recollection is that in the development of that organization they frequently—indeed, I think it was the rule—made use of the individuals and the organizations theretofore engaged in exactly that line of business. That is to say, a man who was in the commission business in the State of New York was constituted the agent and representative of the Fruit Growers' Association. Why is it not reasonable to assume that exactly the same thing will be done by the men who organize a stabilization corporation? Instead of putting a green man who does not know anything at all about the business in charge in the city of New York, instead of building entirely independent storage warehouses and that kind of thing, is it not quite reasonable to assume that the man who has built up a successful business and who has the facilities, will be utilized by the Government organization?

Mr. COPELAND. I have no doubt that is what will happen; but, in my judgment, it will also happen that he will be working on a salary for the cooperative; he will be out of business as an independent merchant. His talent will be utilized, but a great industry which has grown up through the years will be ruined and those who built it up will become hirelings merely of an organization which will reach out farther and farther into the cities of the country, destroying private initiative.

Confirmatory of what the Senator from Montana said about the California Fruit Growers' Exchange, Mr. G. Harold Powell, who before his death, I think, was the general manager of the California Fruit Growers' Exchange, stated that the services of the wholesaler in the city markets could never be dispensed with, and it was the intention of the exchange to utilize his services at all times. That was their purpose.

And Mr. Wells A. Sherman, the chief marketing specialist of the Bureau of Agricultural Economics of the Department of Agriculture, in charge of the fruit and vegetable division, in his book entitled "Merchandising Fruits and Vegetables," states:

* * * The wholesale handlers of fruits and vegetables are among the keenest and most enterprising business men of America. Especially is this true of those who operate over large areas. Had they and the growers whom they finance waited for a visible and measurable demand before they produced, comparatively few eastern consumers would as yet have tasted a cantaloupe from California or Rocky Ford; California artichokes; broccoli, or winter cauliflower; onions of the Bermuda type, or any of a dozen other well-known vegetables now in large supply. * * * The Nation owes a profound debt of gratitude to the pioneering, venturesome, creative faith of the men who have added so richly to our choice of fresh foods. * * *

That is the testimony of Mr. Sherman, but we propose now to put this industry out of business, and that is what we will do, because we can not expect that with this limited amount of money it will be possible to build there tremendous terminals and provide all the other machinery for fruit and vegetables,

as well as wheat, corn, and cotton. Let me say something about that. Out in Pittsburgh a platform a fifth of a mile in length has just been built for the reception of these fruits and vegetables.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from North Carolina?

Mr. COPELAND. I do.

Mr. SIMMONS. I should like to ask the Senator a question. Does not the whole cooperative association movement that is incorporated in this bill necessarily interfere with the class of dealers to which the Senator has referred in the various products that are embraced in its operations?

For instance, take tobacco: When the cooperative associations were organized in the States of North Carolina, South Carolina, and Virginia they bought warehouses, and they were soon involved in a fierce warfare with the old warehouse people. They said, "If this thing is a success it will destroy our warehouses. We are forced, therefore, to sell them to the cooperatives at their own price in order to save our property from destruction."

Does not the cooperative system in the case of any farm product necessarily involve an interference with dealers in that commodity?

Mr. COPELAND. I think undoubtedly it does.

Mr. SIMMONS. And are the dealers in the Senator's city any differently situated from those handling other products?

Mr. COPELAND. No; but, Mr. President, I suppose there is no reason why the Government should not go into the automobile business and the banking business and the doctor business. We could go ahead and engage in all the present privately conducted enterprises; but this is my point: If Senators desire to go so far as to appropriate enough money to duplicate the machinery necessary to carry on these various activities and to do all the necessary things, all right; I have no more to say. It is for the country to decide if it wants to go into the commission business.

But the thing that I have tried to make clear, and apparently I do not succeed, is that the Government will not do this. There is not enough money carried by this bill to accomplish the building of the terminals and the other machinery necessary to take care of fruits and vegetables, too. But, mark you, the very fact that it is written in the bill that it may be done is the thing which will ruin the credit of men in these industries. In consequence, the vegetable and produce and fruit people of the South and West and every part of the country will suffer because of the club which has been raised over the industry and which may at any time descend upon its head to destroy it. The fear of what may happen will destroy the credit of the commission men, and in that way be as effectively harmful as actually to duplicate their plants.

Mr. President, I ask that there be included in my remarks at this point a letter which I received to-day from the general manager and secretary of the National League of Commission Merchants.

The VICE PRESIDENT. Without objection, it is so ordered. The letter is as follows:

NATIONAL LEAGUE OF COMMISSION MERCHANTS
OF THE UNITED STATES,
Washington, D. C., May 13, 1929.

Hon. ROYAL S. COPELAND,

United States Senator, Washington, D. C.

MY DEAR SENATOR COPELAND: Responsive to your request, I take much pleasure in setting forth the aims and purposes of the National League of Commission Merchants, as well as some comments with respect to the fresh fruit and vegetable industry. For a clear understanding of this letter, you are advised that the general term "receiver" is accepted by the trade to mean commission merchants, wholesalers, distributors, and jobbers.

The league was organized in 1893, and therefore is entering upon its thirty-seventh year of successful and continuous operation. Its membership comprises 750 of the leading and most responsible receivers and shippers of fresh fruits and vegetables located in the eastern half of the country. While relatively few in number, yet it is estimated that the members handle approximately 50 per cent of the tonnage on the Atlantic seaboard.

It was created for the purpose of protecting and promoting the general welfare of the trade by concentrated action in developing constructive legislation; in collecting and disseminating information; in improving business methods; in resisting discriminations against and exactions upon the trade; in demanding integrity and financial responsibility; and in the protection of all, so far as possible, from fraud, misrepresentation, and injustice. It has ever been zealous in carrying out these aims.

The league is the trade association of the receiver and shipper of fresh fruits and vegetables. As such, it has ever been on the alert to bring about improvements in the marketing of these commodities to the financial advantage of the producer and the satisfaction of the consumer. We keenly realize that upon the prosperity of the producer and the satisfaction of the consumer depends the prosperity of the receiver and shipper. That this alertness on the part of the receivers and this association has been rewarded is evidenced by the following accomplishments, all of which have been to the mutual advantage of everyone concerned and could have been brought about only through united action:

Terminals: Improved and modern terminal facilities in operation at New York City, Philadelphia, Boston, and Pittsburgh. New terminals in course of construction at Detroit and Cleveland, and being considered in numerous other cities. These new terminals are stupendous undertakings—the one at Pittsburgh having a selling platform nearly a fifth of a mile in length, while the one at Detroit will cover nearly 30 acres. They are all the result of the vision and faith of the receivers in the future of the industry and their desire to be of service to the producer and consumer.

Refrigeration: Vast improvements in the science of refrigerated transportation. Uniformity in the rules, regulations, and charges for handling perishable traffic through the means of perishable protective tariff. The expenditure of large sums of money in the successful consummation of numerous traffic cases before the Interstate Commerce Commission involving huge savings to the producer in transportation and refrigeration charges, and the removal of unreasonable and unjust rules and regulations covering perishable shipments.

Trade ethics: The formulation and adoption of the standard rules and definitions of trade terms, thus assisting in removing many causes for controversy through misunderstanding of trading terms. The acceptance of the principles of business conduct promulgated by the United States Chamber of Commerce. The formulation and adoption of a satisfactory arbitration system for arbitrating controversies between league members and others.

Legislation: The enactment of constructive legislation, such as the various standard container laws. Amendments to the interstate commerce act. Standardization and grading of commodities. Inspection service, and appropriations for research work by the United States Department of Agriculture, etc.

Government: Close cooperation between the Government departments and the industry, and the furnishing of accurate information with respect to the industry to those governmental departments seeking such information.

Trade promotion: The inauguration of a produce-merchandising survey designed to stimulate greater consumption of fruits and vegetables through improved wholesale and retail methods of merchandising, display, advertising, etc. The efficient receiver not only sells fruits and vegetables, but also sells ideas to his retail outlets.

So much for the work of the trade association of the receiver and shipper.

Now let us consider some phases of the industry concerning which there appears to be some misunderstanding.

In studying the debates in Congress and listening to the testimony given at congressional hearings, it is noted that some of your distinguished colleagues and others appear to be rather vague in their understanding of the industry.

It is sometimes bandied about that receivers are opposed to cooperative marketing associations. This is incorrect. Some of the largest cooperative marketing associations are members of the league. Far-seeing receivers encourage the formation of such associations for, as a rule, they mean standardized and graded commodities, which promote more efficient and speedier merchandising of such commodities. Receivers welcome competition in terminal markets from cooperative marketing associations, but they do not relish, and justly so, such competition when it is based on aid from Government funds.

It is sometimes stated by those without a clear understanding of the industry that the services of a receiver, as a middleman, should be dispensed with. Far-seeing and progressive producers of fruits and vegetables do not agree with this thought. They recognize the sound principle that the performer of a particular function may be destroyed, but that the particular function itself can not be destroyed. They are also in agreement that the receiver performs a vital economic function in scientifically marketing their products. However, let those in authority speak on the subject. Listen to the following:

President Hoover, while Secretary of Commerce, stated as follows: " * * * I do not know of any, even of our highest developed co-operatives, that have not found it advantageous to maintain the private distributor and wholesaler in the cities. He performs a vital economic function, and responsible men do it with great competence. * * * "

Mr. G. Harold Powell, who before his death was general manager of the California Fruit Growers Exchange, stated that the services of the wholesaler in the city markets could never be dispensed with, and that it was the intention of the exchange to utilize these services at all times.

Mr. Wells A. Sherman, chief marketing specialist, Bureau of Agricultural Economics, United States Department of Agriculture, in charge of the fruit and vegetable division, in his book, entitled "Merchandising Fruits and Vegetables," states that: " * * * The wholesale handlers of fruits and vegetables are among the keenest and most enterprising business men of America. Especially is this true of those who operate over large areas. Had they and the growers whom they finance waited for a visible and measurable demand before they produced, comparatively few eastern consumers would as yet have tasted a cantaloupe from California or Rocky Ford, California artichokes, broccoli, or winter cauliflower, onions of the Bermuda type, or any of a dozen other well-known vegetables now in large supply. * * * The Nation owes a profound debt of gratitude to the pioneering, venturesome, creative faith of the men who have added so richly to our choice of fresh foods * * * "

Rather loose statements are sometimes made and unfortunately in high places, in many instances, that receivers, as a class, are dishonest, fail to make proper returns, destroy produce, etc.

We admit that there are dishonest persons in the industry, but no more so than in any other industry. Investigation of such statements has usually developed the fact that they are unfounded or that in some instances a dishonest receiver has been uncovered and properly punished. It is significant that under the produce agency act, an act designed to apprehend dishonest commission merchants and which became law on March 1, 1927, there has been a surprising lack of complaints, and the first conviction under the law was secured only the other day.

This organization has no sympathy with the inefficient and dishonest receiver, nor has it any sympathy with the inefficient producer who gives greater weight to the quotations made him than to the financial responsibility and personal integrity of his marketing connections. We are at all times endeavoring to drive out of business the irresponsible "fly-by-night" type of receiver, but we are hampered in our efforts by the unthinking producer who without regard to the consequences ships his products to the irresponsible receiver, and then when injured thereby raises a hue and cry against all receivers as a class. This is a broad statement, but I am firmly convinced of its accuracy by the appeals that come to me from producers seeking assistance in the collection of their money.

The great mass of producers have been taught by the Government how to produce efficiently. The Government should now embark on a general campaign of education to teach the great mass of producers how to market intelligently. This, in my estimation, would be real farm relief in so far as the perishable industry is concerned.

It is my earnest endeavor, as well as those who labor with me in the management of this association, to cultivate a closer relationship between the producer and the receiver, which relationship will afford a basis for that mutuality of confidence and cooperation which is so essential for the success of the perishable industry and those engaged in it. We solicit the aid of everyone in this laudable effort.

On behalf of our officers and members, I thank you for your great interest in the industry and for your inquiry.

With expressions of my highest esteem for you, I am,

Very truly yours,

E. L. ROBERTS,

General Manager and Secretary.

Mr. COPELAND. Mr. President, I told you a little bit about my city. You know nothing about its poverty; we hear only of its wealth. How many of you know that we have a square mile in our city—1 square mile; now, you think about that area somewhere in the country—where live 500,000 persons, a half million in 1 square mile, where 12 live in 3 rooms, where 4 sleep in the kitchen every night. They would have to go out and die if they did not have some sort of employment. Even those meager quarters cost money.

Are you going to impose a further burden upon the poor of the cities and upon those who labor with their hands? Are you going to destroy what in my own city is one of the chief industries, the commission and produce business?

I remember one time a snowstorm, one of those rare things we have in New York, where down on West Street—the wide street that fronts on the river on the west side, a street that is always filled with trucks carrying fruits and vegetables and potatoes and oranges and eggs and poultry and all the other things—it was impossible for them to move because of the snow. The street was completely blocked. It was absolutely impossible to move. If you pass this bill, you are going to block the whole commission business and the handling of the produce and the fruits and vegetables of the country. They are going to be stalled in a storm just as those trucks carrying vegetables and fruits were stalled at the time I mention.

You find fault with us because we ridicule the needs of the farmer. We have just exactly the same right to find fault with you because you fail to appreciate the plight of those who dwell in the cities. We have a right to appeal to you.

Mr. President, there is enough to do through the operation of this bill to take care of wheat and cotton and corn, the major staple crops. Let us begin with them. If we find a successful operation through such legislation as this, then, if you see fit to go into the whole business of edible products, all agricultural products, all right. But let us not begin now with nothing more effective than simply to threaten an industry. By making it possible for the board to lend money for that purpose is a proposal which will be taken seriously in certain quarters. Let us not make that threat when we know very well it will not be carried out. It is too important a matter to trifle with when, because of the threat, the credit of these men will be ruined and the industry destroyed.

So I beg Senators not alone to vote for and adopt the amendment which I sent up to the desk, but to reconsider the action by which it was determined that the produce and commission men must be sent to the poorhouse. It seems incredible that we were able to muster only 11 votes—only 11 votes—and, as I said, with the exception of my own, only 4 votes from those who voted for the debenture. Do not repeat that punishment, I beg of you.

You ask us of the cities to vote this way or that way to further the cause of agriculture. Now I make the same appeal to you. Strike out from the bill the vegetables and the fruits, in order that we in the cities may continue to enjoy some degree of prosperity and to offer employment for the workers in our greater centers of population.

Mr. STECK obtained the floor.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER (Mr. SACKETT in the chair). Does the Senator from Iowa yield to the Senator from Oregon?

Mr. STECK. I yield.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Fletcher	King	Sheppard
Ashurst	Frazier	La Follette	Shortridge
Barkley	George	McKellar	Simmons
Bingham	Gillett	McMaster	Smoot
Black	Glass	McNary	Steck
Blaine	Glenn	Metcalf	Steiwer
Blease	Goff	Moses	Stephens
Borah	Goldsborough	Norbeck	Swanson
Brookhart	Gould	Norris	Thomas, Idaho
Broussard	Greene	Nye	Thomas, Okla.
Burton	Hale	Oddie	Townsend
Capper	Harris	Overman	Trammell
Caraway	Harrison	Patterson	Tydings
Connally	Hastings	Phipps	Vandenberg
Copeland	Hawes	Pine	Wagner
Couzens	Hayden	Pittman	Walcott
Cutting	Hebert	Ransdell	Walsh, Mass.
Dale	Heflin	Reed	Walsh, Mont.
Deneen	Howell	Robinson, Ark.	Warren
Dill	Johnson	Robinson, Ind.	Waterman
Edge	Kean	Sackett	Watson
Fess	Keyes	Schall	Wheeler

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, there is a quorum present. The Senator from Iowa [Mr. STECK] is entitled to the floor.

Mr. STECK. Mr. President, I send to the desk an amendment, which has been printed and lying on the table, and ask that the clerk read it.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK. On page 15, after line 13, the Senator from Iowa proposes to insert as a new subsection to section 6 the following:

The board may make loans to cooperative associations, the proceeds of the loans to be used for assisting the cooperative association in acquisition by purchase, construction, or otherwise, of facilities and equipment for the preparing, handling, storing, processing, and sale of cornstalks, wheat, oat, and rice straw, cotton stalks, cane stalks, and other like agricultural commodities. Such loans made under this subdivision may be secured by marketing contracts of members of cooperative associations and be required to be paid, together with interest thereon, within a period of 20 years by means of a charge to be deducted from the proceeds of the sale or other disposition of each unit of the agricultural commodity delivered to the cooperative association, or may be secured in such other manner as, in the judgment of the board, is adequate. The aggregate amount of loans for the purpose of this subdivision, outstanding and unpaid at any one time, shall not exceed \$25,000,000.

Mr. STECK. Mr. President, the section which would be added by the amendment is practically in the words of subsection (c) of section 6 of the bill.

In reading over the bill now before the Senate I noticed that there is no definition of "agricultural commodity." Probably the term itself will cover everything which has been commonly

known and commonly handled as an agricultural commodity, but there has been a new business growing up, especially in the Middle West which might not be recognized under the terms of the bill as it is written, and it is the purpose of the amendment to cover that business.

There has been growing slowly but surely throughout the Middle West and the South an industry which is using up the waste products of the farm which have been named in the amendment, like cornstalks, different sorts of straw, cotton stalks, and so on. If the farm bill which we have before us, and which will undoubtedly be passed by the Congress, is to bring relief and be of help to the agricultural industry, I and others wish to see this special industry brought within the terms of the bill.

In 1925 we imported 1,448,425 tons of standard newsprint, valued at \$103,717,000, and in the same year imported 1,491,988 tons of wood pulp for the manufacture of paper, valued at \$81,864,000.

It is estimated that in 1928 we imported about 2,500,000 tons of standard newsprint, valued at \$200,000,000, and during the same year, 1928, imported approximately 2,000,000 tons of wood pulp, costing approximately \$150,000,000.

Along the same line there has been a very instructive article printed in The American Press for the month of April, 1929, written by Mr. Frank Parker Stockbridge, and I wish to read at this point just an excerpt from that article:

The big, unchallenged fact which stares the newspaper business of the United States in the face whenever attention is turned to the newsprint situation is that the press of this country is absolutely at the mercy of Canada for its supply of the raw material of which newspapers are made. The United States does not produce and can not produce enough wood pulp to supply our own demand.

FIGURES INDICATE DANGER FOR AMERICAN PUBLISHERS

Out of about 4,000,000 tons of newsprint produced in North America in 1928 Mexico contributed less than 17,000 tons, Newfoundland about 230,000 tons, the United States less than 1,415,000 tons, and Canada all the rest, some 2,381,000 tons. The total production of newsprint in North America was about 7 per cent greater than in the preceding year, but all of that increase and more was outside of the United States. This country's output of newsprint fell nearly 5 per cent below the 1927 figures; Canada's increased 14 per cent over 1927.

And on top of American production the newspapers of the United States imported 117,000 tons of newsprint from Europe.

Those are figures to think about. They mean only one thing. They mean that we are rapidly exhausting the forest resources of the United States available for wood-pulp production and that unless we discover and utilize other materials than wood pulp for paper making the time is coming, and coming swiftly, when the publishers of the United States will buy all of their newsprint from Canada and Europe and pay whatever price the foreign producers unrestrained by antitrust laws choose to ask for it.

I also find in a new magazine published by the senior Senator from Kansas [Mr. CAPPER], entitled "Public Affairs Magazine," for May, 1929, on the editorial page the following editorial on this subject:

CANADA LEADS IN PAPER

Canada is leading the world in the manufacture of newsprint paper. It exports more newsprint than all the rest of the world combined.

This is one of the romances of modern industry. Twenty years ago Canada's output of newsprint was 363,079 tons. Last year it was more than 3,800,000 tons. Its value in 1908 was \$38,000,000; last year, \$125,000,000.

More than 29,880 persons are employed in the paper mills of Canada and the pay roll exceeds \$44,000,000.

Canada's 115 paper mills are making large gaps in the Dominion's vast forests, aided by the sawmills. One of the world's greatest needs is the discovery of other materials just as good as wood pulp for paper making. Farm waste now appears to offer a good substitute. Something like that which can be had in immense quantities is needed to supply demand.

That editorial, as I have stated, is from a magazine published by ARTHUR CAPPER, who, as I said, is the senior Senator from Kansas.

As we are rapidly exhausting the forest products of the United States available for wood-pulp production, we must continue to depend more and more upon Canada and other countries for our supply of newsprint and wood pulp for manufacture of newsprint and other paper products unless we take advantage of other home-grown products which can, under new but absolutely proven methods, manufacture paper products from cornstalks and other agricultural commodities which are now largely wasted.

There are already in existence several plants which are successfully making paper products from cornstalks. Near Dayton,

Ohio, the Oxford-Miami Paper Co. has produced a fine grade of book paper of 60 per cent cornstalks, which is better in every respect than the all-wood book paper.

The Champion Coated Paper Co., which has the largest coating mills in the world at Hamilton, Ohio, has made a fine grade of bond paper and coated paper which can not be distinguished from its best standard product, substituting cornstalks for 70 per cent of the wood-sulphite pulp.

The Hopper Paper Co., at Taylorville, Ill., has produced high-grade newsprint, book, and bond papers with blends up as high as 85 per cent of cornstalk.

The Corn Stalks Products Co., of Danville, Ill., is now producing from 40 to 50 tons of corn pulp daily and is unable to keep up with the demand. The manager of the company, Mr. Harding, states that they could find a market for 300 tons of cornstalk pulp every day.

The Malzewood Corporation, at Dubuque, Iowa, is making paper products from cornstalk and other waste products of the farm. There is also a plant in Louisiana which is making a fine grade of paper from rice straw.

The May 3, 1929, issue of Wallace's Farmer, which was formerly edited and published by Henry C. Wallace, the Secretary of Agriculture, was what was called a "cornstalk edition," being printed on paper made largely of cornstalk pulp, and I want to read a short editorial from that issue. It is headed, "Cornstalk Paper," and reads:

CORNSTALK PAPER

Wallace's Farmer is printed this week on cornstalk paper, which is a mixture of cornstalk pulp and ground wood pulp. The cornstalk pulp came from the Corn Stalk Products Co., of Danville, Ill., but the final manufacturing was done by the Watab Mills, of Sartell, Minn., which have furnished us with our regular wood-pulp paper for some years.

Probably the time has not yet come when it will be economical and desirable for farm papers to use cornstalk paper exclusively. However, wood-pulp paper is getting scarcer right along, and, as experimenting continues with cornstalks, we would not be at all surprised if cornstalk pulp began to replace wood pulp more and more in the manufacture of paper.

The cornstalk paper mills of the future will be located where there is both an abundance of cornstalks readily available and plenty of water. To conserve the soil fertility of those sections where cornstalks are sold to the factories, it will be essential to work out rotations containing plenty of such soil-building legumes as sweet clover. The only good evidence which is thus far available indicates that a ton of cornstalks has a crop-producing power of around \$3, with corn at 70 cents a bushel and oats at 40 cents a bushel. We trust, therefore, that the cornstalk industries which are built up will be able to pay the farmers a net of at least \$3 a ton. We believe that this will be readily possible after the industries are well established and after machines are perfected for harvesting the stalks with a minimum of labor.

In the immediate future we believe that probably more tons of cornstalks will be used in the manufacture of wall board than in the manufacture of paper. Nevertheless, cornstalks will probably be used in enormous quantities for both purposes, and that is the reason we are printing this issue of Wallace's Farmer on cornstalk paper.

Mr. WALSH of Montana. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Montana?

Mr. STECK. I yield.

Mr. WALSH of Montana. I want to inquire of the Senator, what is the quality of paper thus produced from cornstalks? Is it of varied quality, or is it newsprint only?

Mr. STECK. The heavier grades of paper can be made entirely from cornstalk pulp—very fine grades of heavy paper. The newsprint paper, such as I hold in my hand, which is the cornstalk edition of Wallace's Farmer, is made from a combination of wood pulp and cornstalk pulp and varies from 25 per cent of cornstalk pulp up to as high as 65 per cent.

Mr. WALSH of Montana. Can the Senator tell us how many mills are now producing paper from cornstalks?

Mr. STECK. There is only one mill which is producing the pulp, and that is at Danville, Ill., but the pulp is shipped to the paper factories, and there the paper is made from a combination of wood pulp and cornstalk pulp.

Mr. WALSH of Montana. There is so far only one mill, then, using the cornstalks?

Mr. STECK. There is only one mill making the pulp out of the cornstalks.

Mr. WALSH of Montana. How long has that been in operation?

Mr. STECK. It has been in operation about two years, I believe.

Mr. WALSH of Montana. Can the Senator tell us about what its annual output is?

Mr. STECK. As I stated awhile ago, it has a daily capacity of 50 tons of cornstalk pulp.

Mr. WALSH of Montana. What does the Senator understand would be the effect upon the business of that infant industry—I think it may be very properly so described—of the establishment of competing mills by cooperative associations, or would that affect materially its business?

Mr. STECK. I intended to get to that point later. In the first place the manager of this mill states, as I have already explained, that they could sell a daily production of 300 tons. There is a sufficient demand for that output now.

The PRESIDING OFFICER. The Senator from Iowa will suspend for a moment. The hour of 3 o'clock having arrived, the unanimous-consent agreement heretofore entered into now goes into effect, and hereafter no Senator may speak more than once or longer than 10 minutes upon the pending farm relief bill, S. 1, or any amendment proposed thereto. The Senator from Iowa will proceed.

Mr. STECK. The business of making cornstalk pulp in order to be successful must have the mills located in the center of the productive area and they should be in small units. That is the testimony of the experts who have investigated the subject. They should be scattered around in small units.

Mr. WALSH of Montana. The cornstalks, of course, will not stand the expense of shipment for any considerable distance. Accordingly, it would appear as though the industry must be conducted by a large number of small units in the center of the productive area.

Mr. STECK. That is quite true.

Mr. WALSH of Montana. So the business of the mill now established would not be seriously interfered with by the establishment of other mills by cooperative associations under the provisions of the amendment suggested by the Senator.

Mr. STECK. That is the judgment of the experts.

The cost of building a cornstalk pulp mill is about \$5,000 per ton per capacity, so a 50-ton plan would cost about \$250,000. The situation would best be met by building pulp mills of some 50 to 100 tons daily capacity at various points throughout the territory where the product to be processed is most generally produced, and at points which are centers of improved roads and railway transportation. Such a distribution of pulp plants would permit the farmer to bring his stalks to the plant at a minimum cost and facilitate the shipment of the pulp to the paper mills.

As a measure of farm relief, the establishment of pulp plants using cornstalks, wheat, oat, and rice straw, cotton stalks, and other such commodities now largely wasted is almost limitless.

Taking cornstalks alone, it is estimated that the Corn Belt produces between 100,000,000 and 200,000,000 tons of cornstalks each year, almost all of which is now wasted. It takes about 3 tons of cornstalks to make 1 ton of paper, so the estimated possible production of paper from this one source would be between 35,000,000 and 70,000,000 tons per year.

The present practice is for the mill to pay the farmer from \$3 to \$5 per ton for his cornstalks, which are cut and baled by the mill, with machinery which, at the same time and in the same operation and without cost to the farmer, gathers his corn. The average yield is approximately 1½ tons of stalks per acre, netting the farmer from four and one-half to seven and one-half dollars per acre besides picking his corn at a saving of from \$1.50 to \$3 per acre depending upon the yield. This would almost pay the rent of a tenant's corn ground and would yield a new and substantial profit to the farm owner who farms his own land.

When pulp from cornstalks and other waste agricultural products is being produced in substantial quantities it will necessarily reduce our imports of wood pulp and paper products, especially newsprint, and properly encouraged this industry may, in the not too distant future, make us entirely independent of foreign countries for our wood pulp and paper products. The growth of this now proven industry would also stabilize and ultimately reduce the price of all paper products, which price is now largely fixed and controlled by foreign corporations.

This use of cornstalks and other waste products would save our forests. Also the use of cornstalks in the manufacture of pulp would aid in checking the corn borer. The method used in harvesting, shredding, and baling is regarded by corn-borer experts as good corn-borer control. Shredding the stalks, the experts say, will kill at least 98 per cent of the corn-borer larva, enough to render unimportant any danger from the offspring.

of the survivors. In this connection it might be recalled that in 1927 the Congress appropriated \$10,000,000 to fight the corn borer. If the machinery set up by the farm relief bill, to be passed by this Congress, proves as effective as we all hope, with the adoption of this amendment which I have offered, we may see 8 or 10 pulp plants cooperatively owned, built with money loaned under the terms of the amendment, scattered throughout the Corn Belt, and other mills processing other waste products scattered throughout the other agricultural sections of the country, affording the producers a new source of income; one which may very well measure the difference between the success or failure of the farming industry.

Within the last six months there have been a large number of newspapers which have printed special editions using cornstalk paper. I have already mentioned Wallace's Farmer, from which I read an editorial. The Council Bluffs Nonpareil, at Council Bluffs, Iowa, published such an edition. The News Herald, of Spencer, Iowa, also published a large edition, as did the Red Oak Express, published at Red Oak, Iowa.

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from North Carolina?

Mr. STECK. I yield.

Mr. SIMMONS. I am very much interested in what the Senator had to say with reference to the manufacture of paper out of cornstalks. I come from a section where we raise considerable corn, and it is a subject which I think should deeply interest the corn growers of this part of the country. I have understood for some time that paper could be manufactured out of cornstalks, but I had been under the impression that there had not yet been discovered any process of manufacture by which paper could be made out of cornstalks economically so that it might be sold in competition with paper made out of wood pulp. Has the Senator any evidence or information that would indicate that there has been discovered a process by which we can economically produce paper from cornstalks?

Mr. STECK. There has been discovered and perfected a process by which cornstalks can be made into pulp for the manufacture of paper and it can be done economically. But there is only one plant now in operation with a small capacity. There may have to be some slight change in some of the paper mills before they can handle the product along with the wood pulp, but the experts, the men who have been working with the cornstalk products at Danville, Ill., and Doctor Sweeney, who is the really big expert in the problem, head of the chemical engineering department at Ames, Iowa, have been experimenting in the matter for some five or six years, partly with an appropriation which was granted by Congress. There was trouble in harvesting the cornstalk, but they have perfected a machine with which they can bale the cornstalks and at the same time pick the farmer's corn. They are doing that now. They go into the field with the machine which bales the cornstalks, and, in the same operation, with the same machine, pick the farmer's corn without any further or added expense to the farmer. There is no question, under the processes now in use and with the machinery which has been built up, but what it can be so manufactured that it will absolutely cut off the importation of foreign wood pulp and of paper products.

The PRESIDING OFFICER. The Senator's time has expired on the amendment. He now has 10 minutes on the bill.

Mr. STECK. Since I first presented the amendment I have had a great number of letters from the Middle West, and especially from Iowa, from farmers and newspapers who are interested in the matter and interested in the newsprint situation which, as we have already heard in the Senate, is becoming a very critical one, indeed, in the United States. I want to read just three letters which I have received and which I have chosen from a large number of letters which have come to me from daily and weekly papers in Iowa and are typical of the many letters received. The first one is from Mr. C. M. Richards, who publishes the Toledo Chronicle, at Toledo, Iowa. It reads as follows:

THE TOLEDO CHRONICLE,
Toledo, Iowa, May 7, 1929.

Senator DANIEL F. STECK,

United States Senate, Washington, D. C.

DEAR MR. STECK: Thanks for your letter of May 3 containing copy of your proposed amendment to the farm bill. I heartily approve of this amendment and believe that it will be fully appreciated by Iowa newspaper publishers. I trust that it will be given a favorable consideration.

With kindest personal regards, I am, very truly yours,

C. M. RICHARDS.

Another letter is from Paul S. Junkin, who publishes daily papers at Madison, Iowa, Fairfield, Iowa, Chariton, Iowa, Albia, Iowa, and Shenandoah, Iowa. Mr. Junkin said:

THE FAIRFIELD DAILY LEDGER,
Fairfield, Iowa, May 6, 1929.

Hon. DANIEL F. STECK,

Washington, D. C.

DEAR SENATOR STECK: I am in receipt of your letter of the 2d instant, with the amendment proposed by you to the farm bill. I am in thorough sympathy with anything that can be done to develop the manufacture of paper from cornstalks and other waste farm products. I am in favor with anything of this kind not only because I am a consumer of print paper but also because I think it will benefit the farming industry.

I have always been a believer in protective tariff to develop our industry, and if some way can be found to develop the product of paper from waste farm products it will certainly be a great thing for the country.

Yours very truly,

PAUL S. JUNKIN.

Then I have a third short letter from Myers Bros., publishers of the Afton Star-Enterprise, a weekly paper published at Afton, Iowa, reading as follows:

AFTON STAR-ENTERPRISE,
Afton, Iowa, May 6, 1929.

Senator DANIEL F. STECK,

Washington, D. C.

DEAR SENATOR: Was very glad to receive your letter this morning inclosing a copy of an amendment you propose to offer to the agricultural bill.

The manufacture of paper from cornstalks and other products of the farm has reached that stage where it should be given encouragement in a practical way. Paper is being successfully made from cornstalks and the quality is good. But it must be made to compete with other paper.

The one object of this agricultural bill is to assist the farmers. I believe this amendment of yours would be of much value and trust that you will be able to get it written into the bill.

Yours very truly,

AFTON STAR-ENTERPRISE,
O. T. MYERS.

Mr. DILL. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Washington?

Mr. STECK. I yield.

Mr. DILL. Am I to understand there is any other provision in the bill which allows money to be loaned for the processing of farm products?

Mr. STECK. The wording of subsection c of section 6 of the bill, on page 14, from which I copied practically the wording of the amendment, is as follows:

(c) The board may make loans to any cooperative association and/or to any stabilization corporation for the purpose of developing continuity of cooperative services from the point of production to and including the point of terminal marketing service, if the proceeds of the loan are to be used for assisting the cooperative association or corporation in acquisition by purchase, construction, or otherwise of facilities and equipment for the preparing, handling, storing, processing, or sale or other disposition of agricultural commodities.

The word "processing" would certainly include the processing of the cornstalks to the point where they could be shipped to the paper mill for manufacture into paper.

Mr. DILL. What further amendment is necessary if the cornstalks are not to be treated as different from other agricultural products?

Mr. STECK. In the first place, I omitted the stabilization corporation from the amendment, because there would never be any necessity for it until we might some time in the far-distant future reach a point where we would be exporting. On the other hand, as I explained heretofore, there might be a question as to whether or not the waste materials, so called, were agricultural commodities. I do not want any question left in the bill as to that definition, because we have already had experience with constructions put upon legislation by boards and comptrollers and Budget Directors. I thought it ought to be made very clear.

Mr. DILL. I wish to say to the Senator that I am in hearty sympathy with his amendment; but I wondered whether it was embarking upon a new field for the loaning of money not otherwise provided in the bill, and if so, just where we would stop. If we are going to give that aid to the corn grower, where would we stop in the manufacturing field?

Mr. STECK. Mr. President, this would cover anything that it might be desired to bring in under it; but there is nothing else that we have before us now excepting this one infant industry, which is a very healthy infant, I might say.

Mr. DILL. As I listened to the letters written by newspaper editors I did not suspect that any of them had any slush-fund influence back of them from the pulp manufacturers, such as we have been hearing about in connection with Power Trust newspaper.

Mr. STECK. I am certain they have not. In closing, Mr. President, I ask permission to have inserted in the Record at this point an editorial from the News-Herald, which is published in Spencer, Iowa, from a "cornstalk edition," relative to Dr. O. R. Sweeney, who, as I before stated, is the great expert in this infant industry and who made the experiments which led up to the successful manufacture of newsprint pulp from cornstalks.

The VICE PRESIDENT. Without objection, it is so ordered. The letter is as follows:

DR. O. R. SWEENEY

No man in Iowa has done more to advance the process whereby cornstalks may be made into paper and wall board than has Dr. O. R. Sweeney, head of the department of chemical engineering at the Iowa State College at Ames.

Doctor Sweeney has devoted practically all his time since 1920 to the problem of utilizing the so-called waste products of the farm, and as a result of his findings, which have stimulated others to carry on researches, a very material industry has sprung up in this country, which in time is destined to find a most welcome place among the big commercial developments of the period. The process by which Doctor Sweeney converts cornstalks into paper and wall-board pulp is known as the Sweeney process. It is used in all the experimental work now carried on at Ames.

Doctor Sweeney was born in Martins Ferry, Ohio, in 1883. He studied at the Ohio State University and at the University of Pennsylvania, and then spent some time in Germany supplementing his education there. He has been a college professor and consulting engineer since.

During the World War he was a major in the Chemical Warfare Service and he is one of the men who designed and operated some of the large gas plants in this country which produced the gas for the American Army.

At the present time products are being made from straw, cornstalks, oat hulls, cotton wastes, and peanut shells, and it has been estimated there are about \$6,000,000 waste business. This, however, in the opinion of Doctor Sweeney, is but trivial. He confidently believes that one of the world's largest industries will eventually grow out of the vast amount of raw material upon which he and his associates have worked.

There are two plants in Iowa now making products from cornstalks and other waste products of the farm. One is owned by the Maizwood Corporation, at Dubuque. Another is owned by the Quaker Oats Co. and is located at Cedar Rapids. It operates under the name of the Miner Laboratories. This is the only plant in the world making furfural, and they are producing it to the extent of one-half million pounds a year and increasing their output annually. Furfural is used for all sorts of purposes. It is made from oat hulls.

There is also a cornstalk mill at Danville, Ill., and the Danville Commercial-News was the first newspaper in this section of the country to print a special cornstalk edition.

St. Joseph, Mo., has a plant which makes a splendid building material out of straw. A xylose plant is being built near Atlanta, Ga., for utilizing cotton hulls. Many other minor industries along these lines have been developed.

Mr. CARAWAY. I desire to present several amendments to the pending bill, which I ask may lie on the table.

The VICE PRESIDENT. Without objection, the amendments will be received, printed, and ordered to lie on the table.

Mr. WALSH of Montana. Mr. President, I rise to address myself to the pending amendment, but before doing so I desire to advert to a feature of the address made this morning by the Senator from Iowa [Mr. BROOKHART]. He did not exactly say so, but from something said by him it might be deemed by some that he gave countenance to the statement widely circulated during the recent campaign to the effect that a maximum price for wheat was fixed during the World War by a committee appointed by President Wilson and that Mr. Hoover was exonerated from any part in fixing a maximum price for wheat.

The fact about the matter is that there was no maximum price of wheat fixed by any committee appointed by President Wilson. President Wilson appointed a committee that fixed a minimum price for wheat, not a maximum price. That was done pursuant to the provisions of section 14 of the food control act, which I have before me, and which I ask may be incorporated in the Record at this point, without reading.

The VICE PRESIDENT. Without objection, it is so ordered. The matter referred to is as follows:

SEC. 14. That whenever the President shall find that an emergency exists requiring stimulation of the production of wheat and that it is essential that the producers of wheat, produced within the United States, shall have the benefits of the guaranty provided for in this section, he is authorized, from time to time, seasonably and as far in advance of seeding time as practicable, to determine and fix and to give public notice of what, under specified conditions, is a reason-

able guaranteed price for wheat, in order to assure such producers a reasonable profit. The President shall thereupon fix such guaranteed price for each of the official grain standards for wheat as established under the United States grain standards act, approved August 11, 1916. The President shall from time to time establish and promulgate such regulations as he shall deem wise in connection with such guaranteed prices, and in particular governing conditions of delivery and payment, and differences in price for the several standard grades in the principal primary markets of the United States, adopting No. 1 northern spring or its equivalent at the principal interior primary markets as the basis. Thereupon the Government of the United States hereby guarantees every producer of wheat produced within the United States that, upon compliance by him with the regulations prescribed, he shall receive for any wheat produced in reliance upon this guaranty within the period, not exceeding 18 months, prescribed in the notice, a price not less than the guaranteed price therefor as fixed pursuant to this section. In such regulations the President shall prescribe the terms and conditions upon which any such producer shall be entitled to the benefits of such guaranty. The guaranteed prices for the several standard grades of wheat for the crop of 1918 shall be based upon No. 1 northern spring or its equivalent at not less than \$2 per bushel at the principal interior primary markets. This guaranty shall not be dependent upon the action of the President under the first part of this section, but is hereby made absolute and shall be binding until May 1, 1919. When the President finds that the importation into the United States of any wheat produced outside of the United States materially enhances or is likely materially to enhance the liabilities of the United States under guaranties of prices therefor made pursuant to this section, and ascertains what rate of duty, added to the then existing rate of duty on wheat and to the value of wheat at the time of importation, would be sufficient to bring the price thereof at which imported up to the price fixed therefor pursuant to the foregoing provisions of this section, he shall proclaim such facts, and thereafter there shall be levied, collected, and paid upon wheat when imported, in addition to the then existing rate of duty, the rate of duty so ascertained; but in no case shall any such rate of duty be fixed at an amount which will effect a reduction of the rate of duty upon wheat under any then existing tariff law of the United States. For the purpose of making any guaranteed price effective under this section, or whenever he deems it essential in order to protect the Government of the United States against material enhancement of its liabilities arising out of any guaranty under this section, the President is authorized also, in his discretion, to purchase any wheat for which a guaranteed price shall be fixed under this section, and to hold, transport, or store it, or to sell, dispose of, and deliver the same to any citizen of the United States or to any Government engaged in war with any country with which the Government of the United States is or may be at war, or to use the same as supplies for any department or agency of the Government of the United States. Any moneys received by the United States from or in connection with the sale or disposal of wheat under this section may, in the discretion of the President, be used as a revolving fund for further carrying out the purposes of this section. Any balance of such moneys not used as part of such revolving fund shall be covered into the Treasury as miscellaneous receipts.

Mr. WALSH of Montana. That act provided that the committee should fix a minimum price for wheat—that is, they should fix a fair price for wheat—which price was to be guaranteed to the farmer. If the price fell below that, it was to be paid out of the Treasury of the United States, and if it went higher than that there was no liability upon the part of the Government; but the law having authorized the fixing of a minimum price, by manipulation, the minimum price actually became the maximum price. It had to be fixed according to law at, at least, \$2. It was at first fixed at \$2.20 and later it was fixed at \$2.26; but by operation of the Food Administration and the Grain Corporation that minimum price, so fixed by the committee appointed by President Wilson, became the maximum price; and it became the maximum price by virtue of this provision of the law:

For the purpose of making any guaranteed price effective under this section, or whenever he deems it essential in order to protect the Government of the United States against material enhancement of its liabilities arising out of any guaranty under this section, the President is authorized also, in his discretion, to purchase any wheat for which a guaranteed price shall be fixed under this section, and to hold, transport, or store it, or to sell, dispose of, and deliver the same to any citizen of the United States or to any Government engaged in war with any country with which the Government of the United States is or may be at war or to use the same as supplies for any department or agency of the Government of the United States.

And by virtue of the first sentence of section 5, as follows:

That, from time to time, whenever the President shall find it essential to license the importation, manufacture, storage, mining, or distribution of any necessities, in order to carry into effect any of the purposes of this act, and shall publicly so announce, no person shall, after

a date fixed in the announcement, engage in or carry on any such business specified in the announcement of importation, manufacture, storage, mining, or distribution of any necessities as set forth in such announcement, unless he shall secure and hold a license issued pursuant to this section.

No one was able to get a license pursuant to the conditions of that section from the Food Control Administration unless he agreed to fix the minimum price established by the committee as the maximum price to be paid. Accordingly, Mr. President, the effect was to keep the price of wheat down during the war. I find in the report of the National Agricultural Conference appointed by President Harding, and which submitted a report March 3, 1922, the following:

During the war we had a United States Grain Corporation formed primarily for the purpose of holding down the price of wheat. In the words of Mr. Hoover: "If there had not been a minimum price placed on wheat of \$2.20 for No. 1 northern or its equivalent at Chicago, wheat would probably have reached \$6 a bushel."

In the report on the first McNary-Haugen bill Mr. HAUGEN, its joint author, said:

It was a deliberate purpose of the Federal authorities to keep the price of wheat down. The efforts made were admittedly effective. It was then urged that the action taken was unjust and uneconomic, and that action should not be taken to limit the farmer's income without placing some limit on the prices of the things he bought. In answering these objections the Food Administrator stated that he was aware of all of the possible evils and dangers, but that it was a fundamental fact that the farmer had received 40 per cent more for his wheat than in the previous year. In money the farmer had received a higher price, but in purchasing power he had undoubtedly suffered an actual reduction.

Had wheat been permitted to rise in price at an equal rate with all commodities during the three years of control, the price would have undoubtedly fluctuated between \$3 and \$5 per bushel instead of being held between \$2.20 and \$2.26. The index of all commodities rose from 100 in 1914 to 210 in 1919. Many persons who have given attention to the matter believe that the operation of governmental fixed prices alone deprived wheat growers during the period of fixed prices of no less than a dollar a bushel, or an aggregated sum in excess of \$2,000,000,000. That the grower certainly did lose can not be gainsaid, for under the wheat guaranty act of March 4, 1919, the open-market price of wheat never once fell below the guaranteed price, even after control was removed. During this period, by contrast, millers, grain dealers, and all others handling wheat and flour in carload lots or more were guaranteed indemnification against loss.

President Hoover may be entitled to the credit of having kept the price of wheat down during the war to \$2.20 or \$2.26 a bushel; I should not like to rob him of any credit that may be due on account of that. I merely rose to say that he must take whatever responsibility there may be for having kept the price at that point as a maximum.

Mr. BROOKHART. Mr. President—

Mr. WALSH of Montana. I yield to the Senator from Iowa, but I hope he will bear in mind that I only have 10 minutes.

Mr. BROOKHART. The Senator from Montana will not forget that in 1916, before the Grain Corporation began to act, the farmers received \$1.51 a bushel on an average for their wheat, the figures being according to those furnished by the Department of Agriculture. On the other hand, however, the speculator got as high as \$3.25 a bushel. That is what Mr. Hoover was driving at when he referred to \$6 wheat. That was the speculator's price and not the farmer's price; and all the time Mr. Hoover said that the farmers ought to have a better price and the speculators' price ought to be reduced.

Mr. WALSH of Montana. Mr. President, the pending amendment needs no explanation. It has been read from the desk. It merely provides that the Federal farm board shall prescribe the qualifications which cooperative associations must have in order to entitle them to apply for the creation of a stabilization corporation and that any cooperative association which shall comply with such requirements shall be at liberty to join in the application.

The government of the stabilization corporation will be carried on by officers elected by members of the corporation, so that its management will be in the hands of those cooperative associations which apply for the certification. Of course all cooperative associations having the requirements ought to be permitted to join in it so that they may have a voice in the management of the stabilization corporation. Likewise, after the stabilization corporation shall have been created, a cooperative association may be organized in some other section of the country, and that cooperative association ought, meeting all the requirements, to have an opportunity to enter the stabilization corporation so that it may also have a voice.

When the matter was discussed upon the floor some time ago the distinguished chairman of the committee suggested that in all probability the board would make such a rule as that, but it occurs to me that it would be eminently advisable that the board be required to admit all cooperative associations having the necessary requirements.

Mr. McNARY. Mr. President, in the colloquy had with the able Senator from Montana a couple of weeks ago I expressed to him my opinion at that time that the board would probably do the very thing contemplated by his amendment. Given the general power, the board certainly would have the right to do so, and, in the exercise of good judgment and business prudence, it unquestionably would do so. This is merely a legislative declaration more specific than that already in the bill, and I have no objection to it or to the other amendment along the same line and going to the same point as the one now offered.

Mr. WALSH of Montana. Mr. President, I beg leave to modify the amendment by substituting "7" for "9" and substituting the word "commodity" for the word "time," so that, instead of the amendment being inserted on page 8, line 9, after the word "time," it may be inserted on page 8, line 7, after the word "commodity."

The VICE PRESIDENT. The amendment will be modified as requested by the Senator from Montana. The question now is on the amendment of the Senator from Montana, as modified.

CONDITIONS IN TEXTILE INDUSTRY IN THE SOUTH

Mr. SIMMONS. Mr. President, I do not propose to address myself particularly to the question now before the Senate. I wish to send to the clerk's desk and have read an editorial from the Manufacturers Record with reference to the strike situation in North Carolina.

The VICE PRESIDENT. Without objection, the Secretary will read, as requested.

The legislative clerk read as follows:

[From the Manufacturers Record, of Baltimore, Md., of May 9, 1929]
WHAT UNDERHAND INFLUENCES ARE AT WORK IN THE COTTON-MILL STRIKE SITUATION?

Nearly 40 years ago there was published in one of the foremost and most conservative magazines of the country a vicious criticism of southern cotton-mill conditions. The article was so unfair that it was vigorously criticized by this paper. The writer of it, a southern woman of high standing in the employ of the United States Government at Washington, was greatly chagrined that her article had been criticized. She came to this office to protest. She was told that there were two sides to the mill situation; that she had picked out for her illustrations the worst-looking houses that she could find and the most sickly and emaciated employees whose pictures she could secure; whereas she might have told something of the other side of the story and shown some of the healthier class of operatives and the better conditions under which they were living as compared with their homes in the mountains from which they had come. In reply she said that she had written the good side of mill life as well as the bad side, but that the editor of the magazine had refused to publish the article until she cut out everything except the bad side. She was then asked how it was possible for her to object to the criticism that had been made, and to this she could make no answer.

That is one illustration of the definite effort of some magazines and papers to misrepresent the mill conditions in the South, past and present.

Another illustration may be found in the fact that some years ago, as freely published at that time, the then Governor of Massachusetts in his annual report stated that he had sent in disguise, posing as philanthropic workers, two investigators employed by the State of Massachusetts to find out everything they could in regard to southern mills. His aim was to help on the propaganda against southern mills in order to retain the mill business in New England.

It is altogether possible that many other labor agitators who have gone into the South have been sent there by outside interests exactly as the Governor of Massachusetts sent his two paid emissaries disguised as philanthropic agents through southern cotton mills, ever ready in these days of socialistic, populist, communistic agitation to misrepresent mill conditions in the South, aided and abetted often by the teachings of rank socialistic professors in colleges and universities. Southern industry has been misrepresented and maligned through the newspapers and the magazines to an extent to which no other section of this country was ever subjected.

Mr. SIMMONS. Mr. President, it has been suggested that certain persons who are interested in inducing the cotton mills of New England to come to the South have advertised as an inducement to these mills that the wages paid in the southern mills are very much less than those paid in the New England

mills. I have no doubt that many promoters have resorted to such scheme in attempting to induce the transfer of factories.

A few days ago a labor leader—I will not say agitator—hailing from the North appeared here with a dozen or more cotton-mill operatives from North Carolina, from a mill which has now become so famous by reason of a recent strike, the Loray Mill. I did not see them. I am told that they were dressed very poorly, and that there were in the group one or two rather emaciated young girls, while all were badly clad. I have no doubt, Mr. President, that these operatives had better clothing at home, both the girls and the men; and I surmise that they were very carefully dressed in their poorest garments for the purpose of their appearance here. As to the rather emaciated physical appearance of a few of the operatives who came to Washington I do not doubt that they were very carefully selected for that very reason for the purpose of their visit to the Capital. It is, of course, true that among several hundred people—even those who enjoy all the comforts of life—it is possible to find a number who are thin and emaciated. Certainly it is true of the mill operatives as a rule in North Carolina that they are well fed, well clothed, and well housed. Many of them drive and own automobiles. There may be some difference in the actual amount of money paid the mill operative in New England and in the South; but in New England they do not have certain advantages that are worth money that are enjoyed in the South.

Necessarily, rents are higher in New England than in the South. Nearly all the southern mills have built and own their own houses, which they rent to their employees at very low rentals. They furnish them light and water free and fuel at cost. They furnish them gardens in the back yards and modern conveniences in the homes. In addition, many of the mills, in cooperation with the cities and counties, furnish free to their employees splendid schools for the education of their children and churches in which to worship. Those are advantages which, added to the labor prices paid in the South, would probably more than offset the small nominal difference between the cash payment in the North and in the South.

The South has suffered very much Mr. President, by this misleading propaganda as to labor conditions in our cotton mills. I do not stand here for the purpose of defending the mill people or for the purpose of criticizing the mill laborers. The relations between the owners and the operatives in my State are very fine. Most of the operatives are natives, recruited from rural districts and the mountains. They are reasonably satisfied and contented as a rule. The particular mill in question is not owned by southern people. It is owned by New England people, and my information is that the rate of wage paid there is less than that in other cotton mills in that immediate section and generally throughout North Carolina.

This propaganda ought to be answered, Mr. President. It is proposed to answer it by an investigation. I said a few days ago, when that resolution was offered, that I thought its scope ought to be broadened, and it ought to apply to the cotton mills of all sections of the country alike, especially if as its sponsor stated, its purpose was to elicit information of value in making a tariff law.

My fundamental objection to the Wheeler resolution was that it singled out the southern mills for investigation while everyone knows that cotton-mill strikes are much more frequent in New England and other sections than in the Southern States. That is still my fundamental objection to it. I am advised, however, by the author of the resolution that he will change it in that respect, and make it apply to all sections of the country alike.

I also referred then to the fact that the matter was one that the State ought to be allowed to handle, and questioned the Federal jurisdiction in the premises. The resolution of the Senator from Montana contains a provision for information with a view to assisting in the fixing of duties upon cotton goods.

The VICE PRESIDENT. The Senator's 10 minutes on the amendment have expired. He has 10 minutes on the bill.

Mr. SIMMONS. After reflection, I am inclined to think that possibly that lays the foundation for Federal investigation if it is thought desirable.

But, Mr. President, it is equally clear that if we are to obtain, by this investigation, information with reference to the cost of production of cotton goods in this country, especially in view of the fact that it is claimed that there is a difference in the cost of production in one section and another, it is fundamentally necessary that the information should embrace the industries in all sections, in order that we may have reliable information upon that point. Many of the newspapers of the South, and especially of North Carolina, some

of them especially speaking for other North Carolina mills, have taken the position that in view of the fact that the South has been slandered, and a propaganda which misrepresents the situation in southern mills has been persistently carried on and disseminated, in some instances by a hostile and prejudicial press, the cotton industry should and does welcome an investigation and a comparison. That sentiment, I am advised, obtains pretty generally in my State.

Mr. McKELLAR. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Tennessee?

Mr. SIMMONS. In just a moment. I wish at this point to send to the clerk's desk an editorial which appeared in the Charlotte Observer of yesterday, published in the city of Charlotte, N. C., right in the heart of the textile-manufacturing district, and generally regarded as the organ and spokesman of that great industry in North Carolina. I ask that it be read.

The PRESIDENT pro tempore. Without objection, the editorial will be read.

The legislative clerk read as follows:

BOTH FLOWER GARDEN AND BACK YARD

Senator WHEELER, proponent of a southern cotton-mill investigation, has been in conference with Senator SIMMONS, agreeable to the proposition—if New England is included—with result that the Montana statesman has broadened his vision and is now a convert to the blanket system. The Observer has advocated a Federal investigation into cotton mills for the specific purpose of having the situations placed before Congress, and through Congress to the Nation, in their true light, confident that the South has all to gain and nothing to lose, and for the further reason that, the facts having been established, the South might hope for a season of relief from the continual pestering of the one-eyed agitators, become even more active in recent months. An "official" investigation into the vegetable and flower gardens of southern mill operatives, along with inspection of the back yards of the New England operatives, would be calculated to abate much of the misrepresentation and annoyance to which the southern cotton industry has been subjected. Let both New England and the South be "investigated," and hurry it along, is the contention of the Observer.

The PRESIDENT pro tempore. Does the Senator from North Carolina now yield to the Senator from Tennessee?

Mr. SIMMONS. I yield to the Senator.

Mr. McKELLAR. I desire to ask the Senator if State troops have been ordered out in his State to these various mills, and are they patrolling the mills?

Mr. SIMMONS. No. State troops were ordered out at the request of the local authorities in the early stages of the strike, when the demonstrations were assuming somewhat of a threatening aspect. They have long since been withdrawn. The local authorities are now in charge, and I understand that the usual number of operatives are at work in the Loray mills to-day.

Mr. McKELLAR. I am glad to hear that. I notice that they have been ordered out in my State. I believe there is one mill, or perhaps two mills in one locality, where there is a strike in my State, and the governor has ordered out the State troops, which are patrolling the neighborhood in which the mills are situated.

I think this is all wrong, and I am glad to know that the Senator is going to withdraw his objections to this investigation. I am perfectly content that it should take in all mills. I think it should. I think the Senator is right about that; but I am glad that the investigation is going to take place. It ought to take place. The situation in any community where differences have arisen which will bring about the calling out of the State troops, in my judgment, ought to be investigated along the lines that the Senator suggests, and I hope the resolution will pass.

Mr. SIMMONS. Mr. President, the situation is such that the country is entitled to know the facts, especially with this contention that the southern mill operatives are underpaid and underfed and underclothed. Those are not the facts. What we need in a situation of this kind are facts, not propaganda. I desire—and I think that is the sentiment of the mill people of my State and of those interested both in labor and in its employers—that the facts shall be brought out, and that this propaganda from which the South has suffered so much shall be answered, if the facts can answer it and do answer it.

FARM RELIEF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1) to establish a Federal farm board to aid in the orderly marketing, and in the control and disposition of the surplus, of agricultural commodities in interstate and foreign commerce.

Mr. WALSH of Montana. Mr. President—

The PRESIDENT pro tempore. The Senator from Montana may not be recognized under the unanimous-consent agreement. He has already spoken once.

Mr. WALSH of Montana. I rise for the purpose of offering an amendment.

The PRESIDENT pro tempore. For that purpose the Senator is recognized. The question, however, is on agreeing to the previous amendment proposed by the Senator from Montana, as modified. Without objection, the amendment, as modified, is agreed to.

The Senator from Montana offers an amendment, which will be stated.

The LEGISLATIVE CLERK. It is proposed to insert the following at the bottom of page 9:

Every cooperative association joining in an application for certification of or applying for admission to membership in a stabilization corporation shall subscribe for shares of stock in the same in number equal to the number of members of such cooperative association. The par value of the shares of any stabilization corporation shall be prescribed by the board.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Montana.

Mr. WALSH of Montana obtained the floor.

Mr. McNARY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Oregon?

Mr. WALSH of Montana. I yield.

Mr. McNARY. That amendment falls in the same category with the previous amendment, simply specifying and detailing the powers of the board. Personally, I have no objection to it.

The amendment was agreed to.

Mr. WALSH of Montana. Mr. President, the amendment just adopted provides that each cooperative association coming into the stabilization corporation shall bring to the stabilization corporation some capital. It shall subscribe for as many shares as it has members, and the par value of the shares will be prescribed by the board.

The result of that will be that each cooperative association joining in the stabilization corporation will have as many votes as it has members, so that each cooperative association will have a voice in the management and business of the stabilization corporation in proportion to the number of members that it has.

It is contemplated that these associations will bring some capital, but nothing is provided concerning the matter except the provision for the distribution of the profits, on page 11, where it is provided that—

The corporation—

That is, the stabilization corporation—

may distribute out of the remainder of such profits for the year, first, a cash dividend on its outstanding stock not in excess of 8 per cent of the par value thereof.

But the bill provides that the Government itself, through the farm board, may subscribe for stock in the stabilization corporation to the amount, in the aggregate, of \$25,000,000. But it provides, on page 8, that "the board shall not vote such shares." I can not quite understand why the Government of the United States should be invited to contribute capital to the stabilization corporation upon which, if it makes any profits, the Government will have some profit but have no voice whatever in the election of officers of the corporation, in the direction of any of the business of the corporation, or in the management of it in any form whatever.

Accordingly, Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 11, line 24, to strike out the sentence following the word "payment," in the following words: "The board shall not vote such shares."

Mr. CARAWAY. Mr. President, will the Senator yield?

Mr. WALSH of Montana. I yield.

Mr. CARAWAY. What is the object in the Senator's wanting the board to vote the shares?

Mr. WALSH of Montana. If the Government puts money into a stabilization corporation, it ought to have a voice in the management of that stabilization corporation, just the same as any other stockholder in the corporation.

Mr. CARAWAY. Is it the Senator's idea that the Government is going into this activity as a business enterprise, or is it going into it for the purpose of aiding the farmers to organize a corporation to handle their products? Is it not merely to advance the money for the farmers' organization?

Mr. WALSH of Montana. My idea is that the Government is going in to help the farmers get the thing in operation and without any purpose to make any money out of it.

Mr. CARAWAY. And not as a business enterprise at all. The farmers are going into it as a business enterprise to try to help themselves. The Government is simply going into it to advance the money. It never has been my understanding of the theory of the bill that the Government was to engage in the business at all. It was merely to advance the money to set up an instrumentality by which the farmers themselves could market their products. I think the Senator's amendment would reverse the whole theory, if the Senator will permit me to say so, on which the bill is built.

Mr. WALSH of Montana. I can not understand at all the policy of the Government putting money into the stabilization corporation, getting certificates of shares for it, and having nothing whatever to say about the management of the corporation. The bill provides that those shares may be retired by the stabilization corporation any time they see fit to do so; that is, the money may be paid back to the Government at any time and the stock canceled, and, of course, when the Government no longer has any money in it, it should not have any voice in the management of the corporation, but so long as the Government has money in the corporation in the way of stock, I can not see any reason at all why it should not have a voice in the management.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. WALSH of Montana. I yield.

Mr. GEORGE. I want to call the Senator's attention to the fact that the stabilization corporation must operate under by-laws, under rules and regulations adopted for the control of its business, which, in the first instance, must be approved by the board.

Mr. WALSH of Montana. Certainly.

Mr. GEORGE. And it is powerless to change its by-laws without the consent of the board. Does not that give quite enough control?

Mr. WALSH of Montana. With all deference to the Senator, I do not think so at all, because everybody realizes that a corporation may have by-laws, and yet there is a tremendous power given to the officers of the corporation so far as the management of the business is concerned.

Mr. GEORGE. That is quite true, but the board has the additional power at any time to inspect, to examine, these stabilization corporations. In other words, the stabilization corporation is merely the creature of the board, and it operates all the while, as I read the bill, under the direct control of the board, not through representation.

Mr. WALSH of Montana. With all deference to the Senator, the board can not control the selection of the officers of the corporation at all. The officers of the corporation are elected by the members of the corporation, which consist of the stabilization corporations, and the Government, so far as the Government puts any money into it. It can not say that Jones or Smith shall be the president.

Mr. GEORGE. It does not vote for the officers, it does not participate in the election of the officers, but the stabilization corporation itself is simply an organization which operates under the complete control of the farm board, as I read the bill.

Mr. WALSH of Montana. I do not read the bill that way. I read the bill simply to the effect that the farm board may prescribe the by-laws. The by-laws, in the first place, must conform to the by-laws of the board, and they can not be changed without the consent of the board, but that is all the control the board has over them. It does not participate in the election of the officers, it has nothing to say about how the business shall be conducted, and I have been unable to find any provision in the bill which even gives it liberty to inspect the books of the stabilization corporation, to see whether the business is being carried on in a safe way under the by-laws.

Mr. BROOKHART. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Iowa?

Mr. WALSH of Montana. I yield.

Mr. BROOKHART. I think the tenor of the Senator's argument is that in a cooperative the capital does not vote at all. The first proposition, to allow the cooperatives to vote in proportion to membership, is all right; that is cooperative. It seems to me that where the Government is seeking to aid cooperatives, it should not come in and attempt to vote its stock.

Mr. WALSH of Montana. I have said all I care to say about that matter. I can not conceive of the Government being invited to put in capital and take stock for the capital and being given no voice at all in the selection of the officers.

Mr. BROOKHART. That is on the principle of one member, one vote.

Mr. WALSH of Montana. A cooperative has as many votes as it has members, and it has as many shares of stock.

Mr. BROOKHART. That is on the theory of one man, one vote, and that is correct. I approve that part of the Senator's proposition. But I do not like to see the stock holding placed alongside the individual.

Mr. McNARY. Mr. President, I do not think this amendment is of tremendous importance as a matter of legislation, although it might be important as a matter of psychology. It is true that the stabilization corporation is to issue stock to the Federal farm board as evidence of its purchase of stock. That stock is finally to be absorbed and returned to the cooperative organizations from earnings in the marketing of produce and commodities. We have proceeded upon the theory that the stabilization corporation will be farmer owned and farmer controlled. While it is true that the amendment offered by the Senator from Montana would, perhaps, in no wise affect the administration of the legislation by the stabilization corporations, yet it would not be completely dominated by the farmers and producers if the Government were permitted to obtrude any representation on the board. Hence, I do not assume that there is any likelihood that the Government, by reason of owning certain shares of stock in a stabilization corporation, merely when it acts as a marketing agency, would dominate the board, but it would be putting a Government representative on the board, which would be contrary to the theory upon which we are proceeding, namely, that the stabilization corporation shall be farmer owned and farmer controlled.

I do not think this would add anything to the bill. It certainly would not as a matter of legislation. It might scar, it might mar the bill from the standpoint of the psychological reaction of the public toward the bill.

Mr. CARAWAY. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. CARAWAY. At the top of page 10 the Senator from Montana had overlooked this provision:

A stabilization corporation shall keep such accounts, records, and memoranda, and make such report with respect to its transactions, business methods, and financial condition, as the board may from time to time prescribe; shall permit the board to audit its accounts annually and at such other times as the board deems advisable.

So the Government would have absolute control of it.

Mr. McNARY. Unquestionably that is true. I am glad the Senator from Arkansas has called the attention of the Senate to that provision of the bill. I was simply accepting the premise adopted by the able Senator from Montana; and for that reason, while I have no very stout objection to the amendment, I have a mild one, sufficiently stout to prevent me from accepting the amendment, and I shall have to oppose it if it is pressed.

Mr. FLETCHER. Mr. President, let the amendment be stated.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The legislative clerk again read the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Montana [Mr. WALSH].

The amendment was rejected.

Mr. WALSH of Montana. Mr. President, I offer another amendment based upon the same idea.

The PRESIDENT pro tempore. The amendment will be reported for the information of the Senate.

The LEGISLATIVE CLERK. On page 12, line 8, insert:

The board shall designate a member thereof who shall be ex officio a member of the board of directors of each stabilization corporation.

Mr. WALSH of Montana. Mr. President, under the bill, for various purposes the board is authorized to loan sums of very great amount to these stabilization corporations. It likewise may subscribe to stock in the stabilization corporations to the aggregate of \$25,000,000, as heretofore indicated.

According to the action of the Senate now taken, the Government is to have no voice in the selection of the officers of the corporation at all. It will have nothing to do about the management of the business. It may, indeed, inspect the records, and it may likewise, in effect, prescribe the by-laws under which the business is to be operated. But it does have the power and it is expected that it will loan some very great amount to the stabilization corporation. It is likewise anticipated that it will take stock as I have indicated.

If one were organizing a great industrial organization and went to a banker to get the money with which to carry on that

business, the indispensable condition would be that the people who furnished the money shall have a representative on the board of directors. No corporation will advance money under any other conditions, at least if I have any acquaintance whatever with financial operations, unless indeed, of course, the business is one long established and with such credit as that it can get the money anywhere under any conditions. But a new enterprise such as this looking to the bankers or other people who furnish the money for funds with which to carry on the business must expect that one of the terms will be that they have representation upon the board of directors.

I think that the board ought to be given the power to designate at least one member of the board of directors of the stabilization corporation. In the case of the Federal land banks the act expressly provides that so long as any of the capital furnished by the Government of the United States is not returned to it the Federal Loan Board shall have the power to designate a majority of the land banks. But here the Government is to take stock, is to loan large amounts of money, but is to have no representation upon the board of directors and does not even have the right to vote for a member of the board of directors.

Mr. McNARY. Mr. President, I have no desire to occupy time on this matter. Referring to the objections I stated a moment ago to the amendment offered by the Senator from Montana, I find that the same apply to this proposal. But let me state to the able Senator from Montana that the comparison he makes between his institution and the Federal Farm Loan Board is not at all apropos. The main purpose of the board will be to take up the surplus, when found to be in excess of the demand, for orderly marketing or domestic consumption. That is purely a ministerial thing to be performed. When the board finds that there is a surplus the stabilization corporation will go out and buy the surplus at the market and hold it until such time as it deems advisable to sell it in order to carry out the purposes of the bill as described in section 1. Any representation upon the board would not effectuate this purpose one whit better than if it had no representation, but it comes down to a fundamental proposition.

It is possible, as we look at this from a long-time approach, that the Federal farm board may acquire a control of funds sufficient to operate on its own account in the matter of purchasing the surplus and in the matter of merchandising the products of the cooperative associations. I think the cooperative associations composing the stabilization corporation should have that opportunity to acquire business acumen and experience which would stand them in good stead when the time comes to take the operation of this machinery out of the hands of the Government. As the Senator from Arkansas [Mr. CARAWAY] read a moment ago, there are ample provisions safeguarding the funds of the Government already in the bill without having one member on the board of the stabilization corporation.

Mr. WALSH of Montana. I think the Senator is quite right that when the cooperative associations take over the entire management and the Government has no longer a dollar in the business it should not have any representation. That simply would require a modification of the amendment so that it should have that representation only so long as the corporation, the Federal land board, owned stock in the stabilization corporation or it is needed for loans.

Mr. McNARY. I thank the Senator. If the Federal farm loan board had no authority to inspect the books of the stabilization corporation or to modify or prescribe the plan of operation and the charter and by-laws, I perhaps would agree with the Senator; but not one thing can be done by the stabilization corporation unless it meets absolutely with the sanction of the Federal farm board. That is enough authority without placing one of its members ex officio on the board of the stabilization corporation.

Mr. HEFLIN. Mr. President, I do not see the necessity for the last amendment offered by the Senator from Montana. I am a little afraid of it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Montana.

The amendment was rejected.

Mr. HAYDEN. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be reported for the information of the Senate.

The LEGISLATIVE CLERK. On page 6, line 3, after the word "act," strike out the period and insert:

Including investigations of the feasibility of establishing new agricultural industries, giving especial preference to new plants or crops competing with imports of agricultural products which will tend to ameliorate overproduction of staple crops in the continental United

States by diverting to new or noncompetitive crops land now devoted, or likely to be devoted, to the production of crops suffering from overproduction.

Mr. HAYDEN. Mr. President, there are now under irrigation in the southwestern part of the United States more than a million acres of land. By the Southwest I mean Texas, New Mexico, Arizona, Nevada, and California. A considerable part of that acreage is now growing crops that compete with crops grown under rainfall conditions such as wheat, corn, and short-staple cotton.

In the comparatively near future, as we reckon time in the history of our country, there will be large additional areas of land brought under cultivation through the construction of great reclamation work. Congress has authorized the construction of a dam at Boulder Canyon to impound 9,500,000 acre-feet of water. One million acre-feet of that water may be used for domestic purposes, leaving 8,500,000 acre-feet of water which with water duty of 4 acre-feet will irrigate 2,100,000 acres of land. There are some 600,000 acres of land now under irrigation in Arizona, California, and Mexico, but with the completion of that dam at least 1,500,000 acres of new land must be brought under cultivation, of which at least one-half should be located in my own State.

In Arizona by authority of Congress we have about completed the San Carlos irrigation project bringing in another 100,000 acres. In the vicinity of the Salt River project by private enterprise at least 150,000 additional acres of land will soon be brought under irrigation. In New Mexico, with the assistance of Congress, the Rio Grande Conservancy District will bring under cultivation about 125,000 acres of land. In Texas, on the lower Rio Grande, there is now 350,000 acres of land under cultivation. Pursuant to a treaty, which Congress has authorized to be negotiated with Mexico and which it is hoped will be made in the near future, that area will be increased to a million acres. Altogether, within the not remote future, it is possible that 2,500,000 acres of new lands will be brought under irrigation.

The question is, Shall that land be planted in corn, wheat, short-staple cotton, and similar crops, to compete with existing American agriculture, or should the Federal farm board and the Department of Agriculture take time by the forelock and begin a study of the crops that might be best planted there which will not compete with the farm lands of the United States now under cultivation?

Mr. GLASS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from Virginia?

Mr. HAYDEN. I yield.

Mr. GLASS. Is there not another question involved? Why should the Congress perpetually appropriate millions and hundreds of millions of dollars for reclamation and irrigation purposes and now appropriate \$500,000,000 to buy the surplus that we already have? If what the Senator said is true and near realization, instead of appropriating \$500,000,000 for the purposes herein stated we ought to appropriate \$2,500,000,000.

Mr. HAYDEN. That may be; but the point I want to make is that the lands I have mentioned can grow crops that do not compete with the rest of the United States. Out in Arizona we are growing long-staple Egyptian cotton that does not compete with any other cotton grown in America. We are most successfully growing varieties of dates originally imported from Algeria and Mesopotamia. There will be produced in the United States this year about 1,500,000 pounds of dates. We are importing over 50,000,000 pounds. I refer to these crops as illustrations of what has been done and what can be done if proper attention is given to the subject by the timely introduction of new and noncompetitive crops.

I proposed an amendment to the bill originally which first set up the principle that it is desirable to conduct research of this character and then authorized an appropriation available to the Department of Agriculture to do it. I visited the Secretary of Agriculture and talked over the matter with him, found him sympathetic with the idea, but of the opinion that it would hardly be appropriate to ask in this bill for an appropriation for the benefit of the Department of Agriculture. He did believe, however, that it would be proper for the Federal farm board, to be created under the pending bill, to look into the problem and advise his department. I send to the clerk's desk a letter which I have from Secretary Hyde in which he commented favorably upon my former proposal.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D. C., May 8, 1929.

Hon. CARL HAYDEN,

United States Senate.

DEAR SENATOR: Very careful consideration has been given to the amendment referred to the Committee on Agriculture and Forestry on April 23 intended to apply to S. 1, "A bill to establish a Federal farm board to aid in the orderly marketing, and in the control and disposition of the surplus, of agricultural commodities in interstate and foreign commerce," which you very briefly discussed with me in my office a few days ago.

The department is in sympathy with the general purpose of investigating the feasibility of establishing new agricultural industries, giving especial preference to new plants or crops competing with imports of agricultural products which will tend to ameliorate overproduction of staple crops in the continental United States by diverting to new or noncompetitive crops land now devoted, or likely to be devoted, to the production of crops suffering from overproduction.

The question remains, of course, for the consideration of Congress as to whether this is a measure of the type which should be considered at the present emergency session.

Sincerely yours,

ARTHUR M. HYDE, Secretary.

Mr. HAYDEN. Anyone who will take the trouble to compare the amendment that I have now offered with the second paragraph of the letter just read will find that I have taken the words of the letter and offered them as an amendment to the bill, on page 6, wherein it is provided that the board shall, through the Secretary of Agriculture, indicate to the appropriate bureau or division of the Department of Agriculture any special problem on which research is needed to aid in carrying out the purposes of the bill. I take it that under that particular language everything contained in my amendment might possibly be done, but I think I have demonstrated to the Senate that this is a problem of such great importance, involving such large areas of new lands which are certain to be brought under cultivation, that it is entirely proper to direct especial attention to the problem and ask the Federal farm board to pass upon it and make recommendations to the Secretary of Agriculture and to the Congress.

Mr. McNARY. Mr. President, I am very glad to hear the Senator say that there is already authority in the bill to do the thing he wants done. I suppose the reiteration would be for the purpose of emphasis only. I do not know whether that is a proper kind of legislation. I can not conceive that it is.

Let me say to the Senator from Arizona that in the appropriation bill passed annually by the Congress there is a paragraph authorizing the extension service of the Bureau of Agricultural Economics to do this work in connection with the 48 land-grant colleges. Some such work is being done, and I think the State of Arizona, so ably represented by the Senator, has received some benefit through such Federal operations.

So long as the authority is given to the board, does the Senator believe that it would be good legislation to repeat it or duplicate a work now being done by the Department of Agriculture?

Mr. HAYDEN. Mr. President, I have offered the amendment in all sincerity. American agriculture must face this problem and meet it squarely in the very near future in connection with the bringing under cultivation of large areas of new land. The problem is to find such crops to plant upon those lands as will not compete with the present agricultural production of the rest of the United States. I think that no harm can come from emphasizing that situation. For that reason I have offered the amendment, and I hope it may prevail. No harm, I repeat, can come from it. And much good will certainly be accomplished.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Arizona.

The amendment was rejected.

The PRESIDENT pro tempore. The bill is still before the Senate as in Committee of the Whole and is open to amendment.

Mr. WATERMAN. I offer the amendment which I send to the desk and ask that it may be read.

The PRESIDENT pro tempore. The Senator from Colorado proposes an amendment, which will be read for the information of the Senate.

The CHIEF CLERK. On page 22, line 1, beginning with the word "examination," it is proposed to strike out the remainder of line 1 and lines 2 to 15, inclusive, and to renumber the sections 13 and 14 sections 12 and 13, respectively.

Mr. KING. Let the section proposed to be stricken out by the amendment of the Senator from Colorado be read.

The Chief Clerk read as follows:

EXAMINATION OF BOOKS AND ACCOUNTS OF BOARD

SEC. 12. Any action of the Treasury Department in issuing or receiving export debentures, and vouchers approved by the chairman of the board for expenditures from the revolving fund or insurance moneys, shall be final and conclusive upon all officers of the Government; except that all such transactions shall, subject to the above limitations, be examined by the General Accounting Office at such times and in such manner as the Comptroller General of the United States may by regulation prescribe. Such examination shall be for the sole purpose of making a report to the Congress and to the Secretary of the Treasury and the board of all such transactions in violation of law, together with such recommendations thereon as the Comptroller General deems advisable.

Mr. WATERMAN. Mr. President, my amendment proposes to strike out section 12 appearing on page 22 of the pending bill. In my opinion, that provision of the bill is an exotic which has been imported into this proposed legislation without cause and utterly without justification. It proposes to raze the requirement found in ordinary legislation and in the statutes now existing as to accounting, so that the board will not be accountable to anybody for the expenditures it may make, and will not otherwise be in any way accountable anywhere on earth to anybody.

I submit, Mr. President, that our experience in connection with the operations of some of the independent establishments of the Government, such as the Alien Property Custodian's office and some others, ought to be sufficient to make the Senate hesitate to adopt such a provision as that which I seek to strike out. Under it the farm board may exercise its discretion in any way whatsoever it may please without being accountable to any public officer. The members of the board when appointed ought not to have a roving commission to spend the money taken out of the Public Treasury without accounting. They ought to be compelled under the ordinary provisions of existing law to be accountable to somebody at some time; and it should not be as provided here merely that the General Accounting Office shall some time examine their accounts as the Comptroller General may prescribe and report to Congress and to the Treasury and to the board.

I submit that under existing circumstances, and in view of the experience which we have had, the disbursements of the farm board ought to be held strictly in line with existing statutory enactments, and that its accounts should be examined by the regular accounting officer of the Government, so that we may know how the money is expended and be certain that we shall be getting a dollar's worth for every dollar expended.

Mr. McKELLAR. Mr. President, the Senator from Colorado evidently mistakes the meaning of section 12 of the bill, or I do. It seems to me that it is a perfectly clear proposal. It reads as follows:

SEC. 12. Any action of the Treasury Department in issuing or receiving export debentures, and vouchers approved by the chairman of the board for expenditures from the revolving fund or insurance moneys, shall be final and conclusive upon all officers of the Government; except—

And here is the meat in the coconut—

except that all such transactions shall, subject to the above limitations, be examined by the General Accounting Office at such times and in such manner as the Comptroller General of the United States may by regulation prescribe. Such examination shall be for the sole purpose of making a report to the Congress and to the Secretary of the Treasury and the board of all such transactions in violation of law, together with such recommendations thereon as the Comptroller General deems advisable.

It seems to me that that is a very clear proposal, which will require the Comptroller General of the United States to pass upon these transactions.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Tennessee yield to me?

Mr. McKELLAR. I shall do so in a second. I wish to say that, so far as the present law is concerned, the Treasury Department is the only department which is not now examined by the Comptroller General. There ought not to be any such exception, and I think the committee has been very wise in including section 12 in the bill. I now yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, the power of the Comptroller General to make the investigation authorized by section 12 is limited to investigation and report to the Secretary of the Treasury and to the Congress of the United States. Manifestly, the object of the provision is this: If, after the

Secretary of the Treasury has under the provisions of the act issued debentures and those debentures may have been negotiated, an accounting officer should be permitted to hold that the law was violated in some technical feature, that something was omitted to be done that should have been done, or some act performed that should not have been performed, it would have the effect of discrediting the debentures and destroying their market value, and thus defeat the very purpose of the Congress in authorizing the issuance of the debentures.

The power of the Comptroller General is limited by the section to bringing to the attention of Congress and the Secretary of the Treasury and perhaps the board the features in which the law has not been conformed to. That will enable the authorities to correct, as to future transactions, any mistakes that may have been made, but it will save transactions which have already occurred from the effect which I have described.

I call to the attention of the Senator from Colorado these considerations in the belief that it is quite important, if debentures are to be issued, to put nothing into the law which may have the effect of impairing their value or their negotiability after they may have been issued.

It seems to me that the committee has done pretty well, although experience may show the necessity of additional safeguards to those already provided in section 12.

Mr. McKELLAR. Mr. President, I think that the Senator from Arkansas is entirely right about it. Of course, this provision ought to be in the bill; it can not possibly hurt anyone; it is a safeguard that ought to be provided, and these transactions should not be had unless the accounting officer goes over them carefully and reports to the Congress and to the Secretary of the Treasury and to the board. It is a very wise precaution, and the section should be left in the bill, in my judgment.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I yield.

Mr. KING. I ask for information, is there any provision in this section or any other section of the bill which provides for such an examination by some authority in either the Treasury or some other department for the purpose of testing the accuracy and the correctness of the amount, for instance, of the debentures issued or as to whether or not the debentures ought to have been issued? Suppose, for instance, that those having the administration of the act in charge should hold that a debenture should be issued when in fact it ought not to be issued or upon a commodity as to which it ought not to have been issued or should make a mistake in the computation or anything of that nature, is there any authority by which an examination may be had to test those questions, not for the purpose, as suggested by my friend from Arkansas of discrediting the particular debenture that may be evidence of the error, but for the purpose of guarding against the future?

Mr. McKELLAR. None other except what is contained in section 12, and I think that section is ample and very proper. I hope that the amendment be defeated.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Colorado.

The amendment was rejected.

Mr. COUZENS. Mr. President, I send an amendment to the desk and ask to have the clerk read it.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Michigan will be read for the information of the Senate.

The CHIEF CLERK. On page 4, it is proposed to strike out all of lines 24 and 25, and on page 5, all of line 1, and line 2 down to and including the comma after the word "employees," and to substitute therefor the following:

(e) May (1) appoint and fix the salary of a secretary and, in accordance with the classification act of 1923 and subject to the provisions of the civil service laws, appoint and fix the salaries of such experts and other officers and employees as are necessary to execute such functions.

Mr. COUZENS. Mr. President, the amendment merely changes the bill as it now reads so as to include within the civil service the experts who are excluded under the present wording of the bill. I spoke to the chairman of the committee about it, and he said he had no objection to the amendment.

Mr. McNARY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Oregon?

Mr. COUZENS. I yield.

Mr. McNARY. I think it was two weeks ago when I received a letter from the Civil Service Commission suggesting this modification. I shall be glad to have the amendment adopted.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. CARAWAY. Just a second.

Mr. COPELAND. Mr. President—

The PRESIDENT pro tempore. The Senator from New York is recognized.

Mr. CARAWAY. Mr. President, before the amendment shall be disposed of I want to be recognized.

The PRESIDENT pro tempore. Without objection, the amendment was agreed to.

Mr. CARAWAY. I was on my feet to speak to the amendment.

Mr. McKELLAR. The Senator from Arkansas was objecting to it.

The PRESIDENT pro tempore. Very well, objection being made, the question is on agreeing to the amendment proposed by the Senator from Michigan [Mr. COUZENS], and the Senator from Arkansas [Mr. CARAWAY] is recognized.

Mr. CARAWAY. Mr. President, I desire to ask the Senator from Michigan again where his amendment comes in?

Mr. COUZENS. I have not the bill here, but the clerk has the amendment.

The PRESIDENT pro tempore. The amendment will be restated.

The CHIEF CLERK. On page 4 of the bill it is proposed to strike out lines 24 and 25, and on page 5 all of line 1, and line 2 down to and including the comma after the word "employees," and to substitute therefor the following:

(e) May (1) appoint and fix the salary of a secretary, and, in accordance with the classification act of 1923 and subject to the provisions of the civil service—

Mr. CARAWAY. That is all I wanted to know, Mr. President. I desire to ask the chairman of the committee a question.

Mr. COUZENS. I simply want to point out to the Senator that the only difference is that the word "experts," as it now reads, comes before the provision in regard to the classification act. My amendment puts "experts" after that provision and includes them in the civil-service classification.

Mr. CARAWAY. That is exactly the matter to which I wanted to call attention. We people who are more familiar with cotton know that if you are going to get an expert to deal with that, it is very likely that he could not comply with the requirements of the Civil Service Commission. He would have to be under 35 years of age. Most men who have become experts in the handling and selling of cotton are much beyond that age. There is not a cotton cooperative association in America now that would not be stripped of practically every one of its experts if the provisions of this amendment were to go into the bill.

The Senator from Virginia [Mr. GLASS] says that the Senator intends to exclude experts from the provisions of the civil service classification act.

Mr. McKELLAR. Oh, no—to put them under it.

Mr. COUZENS. The amendment puts them under it.

Mr. CARAWAY. That is what I understood; but the Senator from Virginia says I am wrong. I know that it would be tremendously unfortunate for the cotton industry if that amendment should prevail.

Recently there was a man here from Arkansas by the name of Bennett, who possibly knows more about handling long-staple cotton than any other man in America, who wanted to work for the Government; but he was beyond the age limit. Otherwise he had every qualification.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Nebraska?

Mr. CARAWAY. I do.

Mr. NORRIS. I desire to ask the Senator about the age limit.

Mr. CARAWAY. It is 35 years.

Mr. NORRIS. Is the Senator sure about that?

Mr. CARAWAY. Oh, yes.

Mr. NORRIS. Does the Senator mean to say that under the civil service act no one over 35 years of age is entitled to employment?

Mr. CARAWAY. I think the examination age is 35 and under.

Mr. McNARY. Fifty-five, is it not?

SEVERAL SENATORS. Forty-five.

Mr. CARAWAY. Very well; say it is 45. I am sure it is 35.

The PRESIDENT pro tempore. The Senator from Arkansas has the floor. To whom does he yield?

Mr. CARAWAY. I think the people here on the floor who quibble about the age would certainly be very wise to look over the amendment and let us ascertain the facts, because, while

I am not so familiar with other lines of industry which would be affected by this bill, I am satisfied that we would rob the cotton grower of the opportunity of getting the best talent available if that provision should go into the bill; and I hope it does not do it. I hope the Chair will withdraw his suggestion that the amendment is agreed to.

Mr. McNARY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. CARAWAY. I yield to the Senator.

Mr. McNARY. I only speak my own views, of course, when any of these matters come up. The proposed legislation, I think, is in the right direction, and is comprehended in all the legislation that has been enacted by Congress for a good many years.

The Senator has set forth a proposition here that I have never heretofore heard. As I get the Senator's view, there are very competent experts in the cotton line who are under 45 years of age.

Mr. CARAWAY. I think the age is 35, but I should say that the great majority of men who have had long experience in marketing cotton would be above that age. It is a business that men grow up slowly in and develop by long experience. I know, for instance, that the great expert that the cotton operatives have, who used to be in Georgia, is a much older man than that. In my own State I think that the men who are directing the enterprise, if that provision goes in, would be excluded. At least I hope that the Senator from Michigan will not press his amendment this afternoon, and will let us inquire into the matter.

Mr. COUZENS. I have no objection to the amendment going over if the Senator wants to look into it further; but I am going to press it later on, and I now go on record as not wanting the bill to go through without this amendment being voted on.

Mr. CARAWAY. Oh, well, of course, the Senator did not want it to go through anyway.

The PRESIDENT pro tempore. For the time being the Senator from Michigan withdraws his amendment.

Mr. COPELAND. Mr. President, I offer an amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 14, line 21, it is proposed to strike out "such loans" and insert the following:

No such loan for the construction, purchase, or lease of such facilities shall be made unless the cooperative association or stabilization corporation demonstrates to the satisfaction of the board that there are not available suitable existing facilities that will furnish their services to the association or corporation at reasonable rates and no such loan for the construction of such facilities shall be made unless the cooperative association or stabilization corporation demonstrates to the satisfaction of the board that suitable facilities are not available for use or for purchase or lease by the association or corporation at a reasonable price or rent. Loans.

Mr. COPELAND. Mr. President, if I may have the attention of the Senator from Oregon [Mr. McNARY], this is the amendment which was prepared by the able Senator from Oregon, but which he permitted me to introduce, making it obligatory upon the board first to ascertain whether there are any existing facilities which may be utilized by the board before the board proceeds to provide its own facilities.

Mr. McNARY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Oregon?

Mr. COPELAND. I yield to the Senator from Oregon.

Mr. McNARY. Has the Senator concluded his remarks, or does he desire to ask a question?

Mr. COPELAND. I was hoping the Senator from Oregon might conclude them for me.

Mr. McNARY. I shall be very glad to discuss the question if the Senator will let me have the floor, unless he desires to do so himself.

Mr. COPELAND. Mr. President, all I have to say is that it appears to me that this is a very wise provision. It is now included in the House bill, and I take it for granted that the Senator from Oregon will give it his full support.

Mr. McNARY. Mr. President, the bill as proposed and reported by the committee did not contain this amendment. It permitted the Federal farm board, in the exercise of prudent judgment, to construct or acquire facilities whenever it was thought that it was necessary for the purpose of processing farm commodities.

After the report was made the chairman was visited by the representatives of a great number of cooperative organizations

engaged in the elevator business, warehousing, processing, controlling and owning evaporators, and kindred institutions. The argument of these gentlemen was that under the bill the board might duplicate facilities now in existence, which would work to the great disadvantage of those who had money invested in present physical facilities.

My attention was called to a provision in the House bill. I stated two weeks ago, in discussing the matter here on the floor with the Senator from New York, that in my opinion the Federal farm board would not duplicate these facilities, as it would not be good business prudence to do so, and it would bring about an economic waste which a man of business sense would not do, and that in my judgment it was useless to offer an amendment on the subject. After I was interviewed by the representatives of these cooperative associations and some organizations which owned property individually as millers and warehousemen, I asked the drafting bureau to take from the House bill this particular provision, and presented it for the consideration of the Senate.

I find no fault with the proposal of the Senator from New York. I know there are some present who believe that probably it should not be put in the bill, but if there are facilities that meet the present situation, no one would want to see the Government funds expended to duplicate those physical facilities. This amendment simply provides that before that can be done there must be a finding by the board that existing facilities are not adequate, or that they can not be obtained at a reasonable price or on reasonable terms, whether the charge be rental or interest. That is a condition precedent to action. It is a condition, in my opinion, that would obtain with the board if the amendment were left out of the bill; but some who are interested and have their money invested believe that this safeguard ought to be here, requiring the board to make this survey, this examination, and these findings, before Government money shall be expended.

I am speaking now for myself alone, without regard to the committee. As chairman, I reported favorably the bill without this amendment, but I am attempting to explain in a brief way the purposes of the amendment, how I think it would operate, and those who initiated the movement that brought the amendment to the attention of the Senate.

Mr. JOHNSON. Mr. President, I recognize the force of what has been said by the able Senator from Oregon upon this amendment. In my opinion, however, it would be a most unfortunate provision to be adopted by the Senate. It would, I believe, if you will follow the language of the amendment, put the board in a strait-jacket, so far as what are termed "existing facilities" may be concerned, for it requires that—

No such loan for the construction, purchase, or lease of such facilities shall be made unless the cooperative association or stabilization corporation demonstrates—

That is, the burden is put in the first instance upon the stabilization corporation or the cooperative to demonstrate to the satisfaction of the board that there are not available suitable existing facilities—

That will furnish their services to the association or corporation at reasonable rates, and no such loan for the construction of such facilities shall be made unless the cooperative association or stabilization corporation demonstrates to the satisfaction of the board that suitable facilities are not available for use or for purchase or lease by the association or corporation at a reasonable price or rent.

I recognize all that may be said in behalf of those who have put their money into facilities, into warehouses, into various places and various constructions and processing arrangements that may be required by stabilization corporations; but, sir, I take it that whether they have invested their money or whether they have not, the board will determine the appropriate thing to be done under existing circumstances; and in the exercise of discretion by the board it ought not to be hampered in the slightest degree. The care first under this amendment is for those who are engaged in warehousing or those who are what we term middlemen; and that care should not thus be pointed, because the object of the bill is first to care for agriculture itself.

Mr. LA FOLLETTE. Mr. President, I regret that I can not agree with the chairman of the committee [Mr. McNARY] concerning this amendment. The Senator from California [Mr. JOHNSON] has outlined the chief objections to it. It seems to me that the amendment places the entire burden of proof upon the board for engaging or permitting cooperatives to engage in the construction of facilities for the storage and processing of agricultural commodities; and it occurs to me that commission merchants and middlemen desiring to obstruct activities on the part of stabilization corporations desiring to

operate in any particular field will be afforded an opportunity to go into the courts and to seek restraining orders from the courts, and force the board to conduct long legal proceedings to demonstrate that they have followed the rules laid down in this amendment, and that their action in loaning money to stabilization corporations or cooperatives for the construction of these facilities has been warranted under the provisions of this amendment, should it be adopted.

Mr. President, the whole premise upon which this bill is drawn is to give the board extraordinary freedom of activity in carrying out its powers, and it seems to me a little inconsistent for the argument to be made here in support of certain amendments that the board shall be restrained in its activity and against certain amendments that we are assuming that a wise and an able board will be appointed and that it will proceed to carry out the provisions of this act with good judgment and in good faith.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. ROBINSON of Arkansas. The Senator's conclusion just stated is undoubtedly accurate if the premise is justified or sustained by the amendment, but I do not understand that the amendment contemplates that there shall be a review by any authority of the board's decision on the subject as to whether existing facilities are available at a reasonable charge. The board having determined that question, its decision is final and conclusive. No appeal is provided for and no review can be had.

Mr. LA FOLLETTE. I am not under the impression that any provision for review is provided in the amendment, and, of course, I would submit to the legal opinion of the Senator from Arkansas, but it occurred to me that should the board act under this amendment, assuming that it should be adopted, and some interested parties feel that injury would occur to their business, it would give an opportunity for them to go into the courts and to raise the question as to whether a demonstration had been made that adequate facilities were not available at a reasonable rate.

Mr. ROBINSON of Arkansas. If the Senator will permit me—

Mr. LA FOLLETTE. I am very glad to get the Senator's opinion, because I raised this point in the hope that it would be cleared up before the amendment was acted upon.

Mr. ROBINSON of Arkansas. The only question that could be carried to a court under the amendment, as I see it, would be whether or not the board had decided the issue as to the existence of adequate facilities which could be secured at a reasonable charge. If the board proceeded to make a loan without deciding that question, I think a party in interest might ask an injunction on the ground that the board had not performed its duty as required by law, but the first act that any cooperative would perform would be to submit to the board the information that it was unable to secure warehouse or elevator facilities at a reasonable charge, and have the board determine that question before proceeding with its application for a loan.

Mr. LA FOLLETTE. Mr. President, I am very glad to get the opinion of the Senator, whom everyone recognizes as an able lawyer, upon that question; but, in my judgment, even though the doubt in my mind is relieved by the opinion of the Senator concerning the possibility of its being taken advantage of by interested parties for the purpose of hampering the board, nevertheless it seems to me that there are many other reasons, and sound reasons, why this amendment should not be adopted.

The fact that it places upon the cooperative association or the stabilization corporation the necessity for making a demonstration will necessarily lead to long-drawn out procedure before the board, which, in and of itself, will hamper it in carrying out the provisions of the bill.

We all know very well that farmers are to-day suffering because of high rates which are charged them for the handling of their products by commission merchants and middlemen. If a cooperative association or a stabilization corporation desires to secure a loan for the purpose of relieving the farmers producing some particular commodity from excessive charges, if this amendment is adopted, a prolonged hearing will necessarily result, because the interested parties who fear the competition on the part of the cooperative association or the stabilization corporation will of necessity make every effort to prevent the board from extending credit to the cooperative or the stabilization corporation which desires to build facilities for handling any particular commodity.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I will yield to the Senator in just a moment. The Senator realizes that the time is very limited.

It seems to me, Mr. President, that if we are not going to assume that this board is to be composed of able men who will carry out the provisions of this measure in good faith and with good judgment, then this entire bill should be scrapped and it should be rewritten, because it is written upon the assumption that the board is to have extraordinary latitude in the carrying out of the provisions of this bill. To come in now and at the last moment and lay down limitations with regard to the board's activities in certain connections seems to me to be entirely unjustified and illogical, and I trust that the amendment offered by the Senator from New York will be rejected.

Mr. BROOKHART. Mr. President, I think this amendment would not protect the cooperatives in any sense. It seems to me it is designed to protect the owners of facilities outside of the cooperatives. This is a bill to encourage cooperatives; that is the theory of it all the way through, and if it is to succeed, it must do that.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BROOKHART. Yes; I yield.

Mr. COPELAND. Is it also a bill to discourage all private enterprise?

Mr. BROOKHART. I believe it is a bill to organize all private enterprise handling farm products into cooperatives.

Mr. COPELAND. And to put out of business all private investments now made, so that they would be entirely in the hands of cooperatives?

Mr. BROOKHART. All private investment that is handling and processing farm products ought to be reorganized into cooperatives, and this bill ought to be a start in that direction.

Instead of doing that, this gives a sort of strait-jacket monopoly to the owners of these facilities. They might be adequate but not up to date. They might be in such condition that they could be used, but why tie this board up from transacting business with facilities any more than you would an individual? The individuals to whom the Senator has referred did not have to get a ruling of any board to enable them to construct their properties in any way. Why should this board be compelled to pass on the adequacy or any other characteristic in reference to somebody's else property? If they wanted to sell it to the board, very well; let the board consider that, but to say that the board shall first determine that these facilities are inadequate and then authorize the cooperative or the stabilization corporation, which is the same thing, to perform its function, is a ridiculous proposition to me, and I think it stands strongly in the way of cooperative development. I think it is one of those jokers in the bill which ties us fast to a certain line of private capital, to private ownership outside of this marketing proposal.

For these reasons I hope the amendment will be defeated. I certainly can not approve that sort of an arrangement in reference to a scheme to encourage and develop cooperatives.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New York [Mr. COPELAND].

The amendment was rejected.

Mr. NYE. Mr. President, I propose an amendment, which I desire to have printed and lie on the desk, and which I would like to have read.

The VICE PRESIDENT. The clerk will read the proposed amendment.

The CHIEF CLERK. On page 25, after line 6, the Senator from North Dakota proposes to insert a new paragraph, as follows:

(f) The President is hereby authorized, through such agency or agencies as he may designate, to purchase in the United States and transport and distribute wheat and/or its products for the relief of the distressed and starving people of China. The President is hereby authorized to expend or cause to be expended out of any funds in the Treasury not otherwise appropriated a sum not exceeding \$200,000,000 for the purpose of carrying out the provisions of this section.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. HEFLIN. Mr. President, I send an amendment to the desk, which I ask to have printed and lie upon the table. It proposes to amend the bill, on page 17, line 14, in lieu of the figures "\$500,000,000" to insert the figures "\$1,000,000,000," so as to read:

REVOLVING FUND

SEC. 8. There is hereby authorized to be appropriated the sum of \$1,000,000,000, which shall be made available by the Congress as soon as practicable after the approval of this act and shall constitute a revolving fund to be administered by the board as provided in this act.

The VICE PRESIDENT. The amendment will lie on the table and be printed.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

RECESS

Mr. WATSON. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and the Senate (at 5 o'clock and 5 minutes p. m.) took a recess until to-morrow, Tuesday, May 14, 1929, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 13 (legislative day of May 7), 1929

UNITED STATES ATTORNEY

Ralph L. Carr, of Colorado, to be United States attorney, district of Colorado, vice George Stephan, term expired.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 13 (legislative day of May 7), 1929

MEMBER FEDERAL FARM LOAN BOARD

Horace Paul Bestor.

PROMOTIONS AND APPOINTMENTS IN THE NAVY

Richard E. Hawes to be ensign.

John R. Barber to be dental surgeon.

HOUSE OF REPRESENTATIVES

Monday, May 13, 1929

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Gracious Heavenly Father, with Thee we would begin this day and be sensitively conscious that Thou art the source of all wisdom. Forgive our incompetency and help us. Give us great confidence in that divine guidance that assures the man of vision the faithful servant and the loving heart. Without this we make of our duty an uninviting drudgery. It is for us, our Father, to express ourselves in terms of helpfulness; inspire us to do so. We may fail in ten thousand things, but we must not fail in one. We must live and speak the soul's truth. Take our homes and our children and fold them in Thy blessed arms. Dispel all fear and lull them to sweet repose. How memorable shall be this day if we bring gladness and encouragement to others. May we do so; and unto Thee be eternal praises. Amen.

The Journal of the proceedings of Saturday last was read and approved.

ENROLLED JOINT RESOLUTION SIGNED

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 59. Joint resolution to extend the provisions of Public Resolution No. 92, Seventieth Congress, approved February 25, 1929.

RESIGNATION OF A MEMBER

The SPEAKER laid before the House the following communication, which was read and ordered spread upon the Journal:

WASHINGTON, D. C., May 10, 1929.

HON. NICHOLAS LONGWORTH,

Speaker of the House of Representatives,

Washington, D. C.

MY DEAR MR. SPEAKER: I beg leave to inform you that I have this day transmitted to the Governor of the State of Minnesota my resignation as a Representative in the Congress of the United States from the fifth district of Minnesota, to be effective at the close of business June 30, this year.

Respectfully yours,

WALTER H. NEWTON.

THE STAR-SPANGLED BANNER

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent to print in the RECORD a joint resolution passed by the General

Assembly of Maryland, and I also ask that the Clerk may read it from the desk.

The SPEAKER. The gentleman from Maryland asks unanimous consent that the Clerk may read the joint resolution passed by the General Assembly of Maryland. Is there objection?

There was no objection.

The Clerk read as follows:

Joint Resolution 3

A joint resolution recommending to the Congress of the United States that The Star-Spangled Banner be declared to be the national anthem of the United States of America.

Whereas The Star-Spangled Banner has by acclaim of the people of our country and by general consent of the civilized governments of the world been recognized as the national anthem of the United States of America; and

Whereas under the leadership of the Society of the War of 1812 in Maryland, supported by the patriotic societies of the country generally, the birthplace of The Star-Spangled Banner, namely, Fort McHenry, was dedicated as a national shrine on September 12, 1928: Therefore be it

Resolved by the General Assembly of Maryland, That the Congress of the United States be earnestly requested to take appropriate action whereby The Star-Spangled Banner may be declared to be the national anthem of the United States of America; and be it further

Resolved, That the secretary of the State of Maryland be, and he is hereby, requested to transmit, under the great seal of this State, a copy of the foregoing resolution to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and to each of the representatives from Maryland in both Houses of Congress.

Approved March 8, 1929.

I, David C. Winebrenner, 3d, secretary of state, do hereby certify that the foregoing is a true and correct copy of Joint Resolution No. 3 of the acts of the General Assembly of Maryland of 1929.

As witness my hand and official seal this 8th day of May, 1929.

[SEAL.]

DAVID C. WINEBRENNER, 3d,

Secretary of State.

THE TARIFF

Mr. HAWLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 2667) to readjust the tariff.

The SPEAKER. The gentleman from Oregon moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 2667.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. SNELL in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill of which the Clerk will read the title.

The Clerk read as follows:

A bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

Mr. GARNER. Mr. Chairman, will the Chair state how the time used in general debate stands?

The CHAIRMAN. The gentleman from Oregon has used 13 minutes more than has the gentleman from Texas.

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. NELSON].

Mr. NELSON of Maine. Mr. Chairman and members of the committee, this special session was called, and this tariff bill is being written, in the avowed interest of the agriculturist. The leading vegetable crop in this country is the potato crop, exceeding all others in acreage, production, and value. It is an important industry in 42 States of the Union, and peculiarly subject to foreign competition. The winter crop, produced in the Southern States, needs added protection from the imports of Bermuda, Cuba, and Mexico; while the summer, or principal crop, raised in the Northern States, has long suffered ruinous competition from the cheaper land, labor, and transportation costs of the Canadian producer.

The production of potatoes in this country is usually sufficient, even in short-crop years, to supply all domestic demands, without importations. This market should be preserved to the American potato grower. [Applause.] Every carload imported displaces a corresponding carload of American potatoes, materially increases the surplus problem, depresses the market, keeps it in an unstabilized condition, and, in particular markets and as to particular growers, works great hardship.

The Fordney-McCumber tariff bill carried a rate of 50 cents per 100 pounds on potatoes, the equivalent ad valorem being less than 30 per cent. This rate has proved wholly inadequate to preserve the American market to the American farmer. From 1922 to 1927 importations practically trebled, while the importations of 1926 and 1927 represented an increase of 281 per cent over those of the two preceding years. In 1927 over 5,000,000 bushels were imported, mostly from Canada.

Official experiments have demonstrated that it costs the Maine farmer about \$53 more per acre to produce potatoes than it does the grower in New Brunswick, Canada. In addition to this, the latter enjoys an advantage in cheap water transportation to points on the Atlantic seaboard of about 35 cents per hundredweight. Even in years of large production and low prices, the Canadian farmer may successfully export his potatoes into this country. Worst of all, when, after several lean years, a good year comes and the American potato farmer sees an opportunity to recoup some of his losses and escape from the hands of the banks and fertilizer companies, with no ad valorem provision in the tariff, he finds his favorable market destroyed and his hopes drowned in a flood of cheaper Canadian potatoes.

The potato crop of 1928 was about 462,000,000 bushels, creating a surplus of over 60,000,000 bushels, yet Canadian potatoes continued to come into this market. When the call for this special session was issued the potato farmers of my State were in a deplorable condition financially. For months prices on potatoes had been far below the cost of production. Potatoes which cost the farmer \$1.50 per barrel of 165 pounds had been selling for from 50 cents to \$1.10 a barrel—an average of 80 cents—while the condition was being continually aggravated by importations of potatoes from Canada.

What is true of Maine is true of other States. The potato farmers of this country are to-day in a situation that warrants every assistance within reason. This tariff is primarily an agricultural measure. It has raised the equivalent ad valorem on fresh tomatoes from 15 per cent to 89 per cent, on onions from 68 per cent to 79 per cent, on turnips from 20 per cent to 42 per cent, on fresh beans from 13 per cent to 93 per cent, on dry beans from 50 per cent to 72 per cent. The equivalent ad valorem on peanuts remains at 106 per cent. Everything else in the agricultural line is taken care of with the exception of potatoes. They remain as they have been, with an equivalent ad valorem of less than 30 per cent, notwithstanding the fact that the American market is open to successful Canadian competition, importations have practically trebled, and the American potato farmer faces bankruptcy.

I thoroughly believe in party government and party regularity. I come from a State that has been regular since the days of Frémont. [Applause.] I know that the present tariff bill should be written by Republicans, and I realize the dangers of divided counsels and divided responsibilities. I honor the Republican leaders of this House and desire to follow their suggestions so far as I can without proving recreant to the trust reposed in me by the people of my State. These have long endured without complaint the aches and pains of agricultural and economic depression, but the time has come when they ask for themselves a little of that protection to the American producer for which they have voted so long and so consistently in the years that are gone. [Applause.] Mine are not a people who look to legislation as a panacea for every economic ill, but they do believe in the Republican policy of protection and feel that in it they may find relief from their present economic distress. I might be pardoned for mentioning here the fact that one of the wisest tariff measures ever enacted into law bore the name of a distinguished Representative from the second Maine district, Hon. Nelson Dingley, of Lewiston. [Applause.]

We respectfully submit that paragraph 769 should be so revised as adequately to protect the producers of the most important vegetable crop in the United States. [Applause]

Mr. HAWLEY. Mr. Chairman, I yield one hour to the gentleman from Washington [Mr. HADLEY].

Mr. HADLEY. Mr. Chairman, I do not like to begin my remarks this morning with something of an unpleasant nature. However, the circumstances are such that I shall refer in the beginning to some statements made which are of that nature. I refer to some remarks made by the distinguished gentleman from Illinois [Mr. HENRY T. RAINEY], whom I honor as a personal friend. They were made in the early portion of his remarks on Saturday last. They were directed at the Republican members of the Committee on Ways and Means. Now that they are in the Record they can be made no worse by repeating them, and I shall refer to a few of those observations in order that you may the better understand what it is that I am answering.

In speaking of the method employed by the Democratic Party in its course of action on the preparation of tariff bills he pro-

ceeded to castigate the Republican members of the committee by pointing out how we have undertaken to do it, and in the course of that statement he said:

The Republicans have an easier way of doing it. They simply call into secret session tariff beneficiaries, and then they consult them as to what rates they want; and if they can agree as to the burden they want to place on the consumers, that is the rate they get.

Passing on to something more definite still but equally offensive, he used this language:

The Democrats were permitted to participate in the open hearings, but afterwards the real hearings commenced behind locked doors and in committee rooms. Fifteen Members of the House of Representatives in this bill speak for the entire House. Then the representatives of the interests were heard, the vampires who feed on the lifeblood of the Nation were heard. The representatives of the 14,000 millionaires and the 14,000 near millionaires in the United States who bask in the sunshine of the prosperity made possible by the privileges granted them, nearly always by the Republican Party, had their hearings. Those are underground methods.

I am sorry that I do not see the gentleman from Illinois on the floor at the moment. However, he did not ask me whether he could make those remarks about our committee, and I did not deem it necessary to ask him to be present to listen to what I say. I hope I shall say nothing offensive. I do not mean to. I have a high regard for the gentleman from Illinois, with whom I have worked happily for many years in committee and in subcommittees.

But, somehow, when he undertakes to discuss economic questions, particularly the tariff or a revenue bill, he has a rather unpleasant way of doing it. I think he must have had a bad night before he made that speech last Saturday. I think he must have had a very bad dream. But the thing I object to is his putting his dream in the CONGRESSIONAL RECORD. Now that it is there, and the public will read it, I think the country ought to know, and you ought to know, what the facts are.

I will not state them in much detail, but briefly the facts are as follows: After the hearings of a public character, referred to by the gentleman, were concluded, the Republican members arranged for subcommittee work, dividing themselves into 15 subcommittees of three members each. I was a member of three of those subcommittees and had the honor to be chairman of one of them. Before that work began the procedure was discussed and the integrity of the work to be accomplished was canvassed.

It was distinctly understood that no subcommittee would hold any hearings in addition to those which had already been held; and furthermore, that they would not take into conference those who might come for further review of matters before the committee; that they would not consider what they might submit unless it was reduced to writing, in order that it might be presented accurately to the subcommittee and passed on to the full committee, and that it might be printed in a subsequent volume for the information of the full committee, the Democrats as well as the Republicans, for the subsequent information of the House and the country.

I dare say there is now, although I have not had the opportunity to inquire, such a volume already printed. If it is not, it will be. So, as gentlemen came—and occasionally they did come to the members of the subcommittees for an opportunity to be heard further on some point—they were advised as to the situation. I made it plain always, as others, I am sure, did, that we would not consider any further statement they made, because we would not be responsible for passing it on to the full committee or the subcommittee unless it was reduced to writing; and having been reduced to writing, such statement was always considered and checked up. If it presented any new matter not already covered by the hearings, it was incorporated in the record for printing. Otherwise, it was filed in the records of the committee, in its archives, for the information of all concerned.

So, coming back to these charges which, as they stand in the RECORD, look very bad, I simply conclude this part of my statement with the remark that I deny them for myself and for every member of the Republican Committee on Ways and Means generally and specifically. [Applause.] There is not a shadow of foundation upon which any statement in that indictment can properly rest or be sustained in any particular whatever. [Applause.]

The gentleman from Illinois was extravagant in other respects, always interesting even in his extravagance; and he was just as inaccurate in some other observations he made in the same speech. I shall not undertake to review any phase of the pending bill except that which relates to the wood sched-

ule and the chemical schedule. With respect to the wood schedule, the gentleman from Illinois, among other things, discussed the subject of logs and lumber and shingles. I now desire to make some remarks on those points myself.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. HADLEY. Yes.

Mr. COLLIER. I do not want to embarrass the gentleman by any question, but simply ask for information, knowing that the gentleman has made a great study of the shingle industry. I would like to have the gentleman tell me how far from the State of Washington does he believe the freight rates will make the tariff of 25 per cent on shingles effective?

Mr. HADLEY. I will answer the gentleman generally, not knowing the particulars as to freight rates. I am satisfied that the rate of 25 per cent ad valorem would not result in the State of Mississippi, for example, the State from which the gentleman comes, or in any other State, in any additional cost to the consumer.

Now, I would like to make an uninterrupted statement, if I may, although I desire to be courteous in that respect. Our competition is with British Columbia, with Canada, but practically with British Columbia, immediately adjacent to the State of Washington. Our troubles began in the timber industry in 1913, when the Underwood bill went into effect and removed the duty on shingles and lumber. They have continued with disastrous effect to date. The lumber industry generally has sought protection, but it is not in this bill.

Let me point out to you now, so that it may be well understood, that the great body of construction material known as lumber is on the free list of the bill; that nearly 99 per cent of all the lumber produced in the States of Washington and Oregon is left on the free list; and that the only lumber in the Pacific Northwest which it is proposed to transfer to the dutiable list in this bill is but an insignificant fraction of the total lumber production of that region. The cedar lumber made dutiable by this bill is only a little more than 1 per cent of the total lumber production in the States of Washington and Oregon.

That is a very small matter to make much of a controversy over, and especially so in the face of a distressing situation there. In those States we have a lumber industry with a \$200,000,000 investment, a \$200,000,000 a year pay roll, and 20,000 laborers involved. I think I could show you adequate reasons why that industry in its entirety should be protected. But following the bill as reported, I shall lay it aside for the present except as applied to logs, cedar lumber, and shingles.

Logs of fir, spruce, cedar, and western hemlock are dutiable under the present law conditionally at \$1 per 1,000 feet. It is proposed to leave that rate as it is, but to make it unconditional by the removal of the proviso of the present law. Such logs were dutiable and are continued so because of competitive conditions. One dollar per thousand does not represent the actual differential between the cost of production of logs in British Columbia and the States of Washington and Oregon. There are abundant figures to attest that fact in the record which I have before me and which were submitted at the hearings. The raw materials cost less in British Columbia than in Washington and Oregon and there is a differential against us on labor. I know that the gentleman from Illinois [Mr. RAINY] undertook to show that the cost of producing shingles is no greater in this country than in British Columbia, but the Tariff Commission has shown in its report made to the President, I think in 1927, that common labor in British Columbia averages \$3 while it averages \$4 in Washington and Oregon. Can you put labor into a highly manufactured article and produce it at the same cost when \$4 is the average of common labor in one country and \$3 in the other? Furthermore, the taxes upon the standing timber in British Columbia are purely nominal until it is removed. A severance tax is paid upon removal. We have no such taxes in Washington and Oregon. There taxes are paid annually. That overhead becomes an investment and is a continuing investment through the years, which is merged in the cost of production.

Mr. LINTHICUM. Will the gentleman yield?

Mr. HADLEY. I ask the gentleman to kindly desist for a time, because I have much ground to cover.

Mr. LINTHICUM. The gentleman has an hour.

The CHAIRMAN. The gentleman declines to yield for the present.

Mr. HADLEY. So a duty of \$1 per thousand was placed upon the raw material. We did it in this House in the Fordney bill, and we also put a duty upon the manufactured product, shingles, but the Senate struck out that item and the situation has been impossible ever since, with a duty on the raw material and no compensatory duty on the manufactured prod-

uct, when the manufactured product was entitled to a protective rate in addition to a compensatory duty. But the logging industry is entitled to \$1 per thousand. We are now proposing to rectify the mistake of 1922 by extending protection to shingles as well as to logs, in line with the former action of the House.

Logging in Washington and Oregon is done somewhat differently from the method in other sections of the country. The log is the logger's finished product. A large percentage of the production of logs is by independent loggers who have no mills. They sell the log as a finished product to the manufacturer. Therefore being the highly finished product it is, a very large percentage of labor entering into it, the labor of the country employed in logging is entitled to protection as against the cheaper labor in a foreign land, the same as in every other case in the bill under competitive conditions.

Under the present law a large fraction of logs imported enters duty free. This bill makes them all dutiable.

Under a system of permits for export employed in British Columbia when a surplus of logs accrues there the surplus is dumped into the American market in quantities sufficient to control and demoralize it. This results in the closing of American camps. Under this competition the American logging industry has been able to operate only 70 per cent of the time.

Cedar lumber is the product of the same material from which shingles are manufactured. The competitive conditions in the case of cedar lumber and shingles are identical. The same raw material, the same labor conditions, and the same costs of production apply in one case as in the other. They raft to mills cedar logs for both purposes; some manufacture lumber and some manufacture shingles, while some manufacture both in mills known as combination mills, but the costs of production parallel each other, and therefore the rate is made applicable to cedar lumber that is made to apply to shingles.

In the case of shingles the downfall of the industry began in 1913, when shingles were put on the free list.

In the early nineties, when protected, the shingle industry prospered. The rate was taken off under the Wilson-Gorman bill. Then I saw the shingle industry go rapidly into decline, until 1897, when the Dingley bill restored protection to the industry at an increased rate. Then it again began to prosper, and it continued to prosper, as other industries in our country prospered for 16 years; and then came that dark day in 1913 when the Underwood law removed the tariff on shingles. From that day to this there has been a rapid and continued decline in the shingle industry, while there has been a corresponding and contemporary increase in the production in British Columbia. I believe the evidence shows that the decrease in production in the States of Washington and Oregon has been 16 per cent every year since the removal of the tariff in 1913, while the production has increased in the aggregate total nearly 400 per cent in British Columbia. American capital in the State of Washington has gradually withdrawn and gone into British Columbia, bought timber rights, and built mills to manufacture the timber for export and sale free of duty in the market of the United States.

The result of it all is that, as shown by undisputed testimony at the hearings, approximately 50 per cent of all the mills in the States of Washington and Oregon have been forced into bankruptcy or gone out of business on account of failing conditions, and half of the remainder are facing bankruptcy waiting and praying for the relief which this bill as reported would afford.

On the question of costs there is not only a differential in common labor of \$4 to \$3, as shown by the Tariff Commission, and lower cost of competing raw material in British Columbia, for the particulars of which I refer you to the hearings and the Tariff Commission's report to the President, and their later summary, but the question of oriental labor is involved. I do not contend that the price paid in wages to oriental labor is materially under that paid to white labor. I know there are some very expert Chinese who work as packers, and that they are paid equally as much, if not more, than white laborers who occupy the same positions; but whatever the wages, the net result is that 90 per cent, or perhaps more than that, of the production of British Columbia shingles is shipped into American territory duty free, where they find their market.

The Tariff Commission says that 45 per cent of the labor in British Columbia employed in its shingle mills is oriental, and while they are continuously employed our mills for one-third of the time—no witness has said less than 30 per cent of the time—are closed because of overproduction in British Columbia and the absorption of the American market with the British Columbia product of 45 per cent oriental labor.

How would you feel, my friends, if in your several districts you saw passing through your territory the products of oriental labor, in competition with your own American laborers, and

your own friends walking the streets in idleness one-third of the time throughout the year, year after year, for the want of an adequate protective duty? This is what our people have seen for years. They are trusting you now to remedy this appalling situation. I appeal to you in their behalf to restore to them the prosperity which they once enjoyed, to which they are of right entitled.

I have said to my friend from Mississippi, and I repeat, I do not believe there would be any material addition to the cost to the consumer of shingles or of cedar lumber if the rate proposed in this bill is given effect. Why? Because under competitive conditions this has generally proved to be true, where there is sharp direct competition, such as exists in the case of these commodities, in the domestic industry, and in addition to this there is presented here a case of intense collateral competition aside from that.

You are familiar with the substitute roofing materials, which are competitive with shingles. The prices of these substitutes, in competition, would always be such as to hold down the level of the price of the manufactured wood shingles. They have to meet this situation in the market and the same thing is true of red-cedar lumber, because of the competition of redwood, cypress, and one or two other raw materials which put the manufacturer of cedar lumber in the same position.

Mr. COLLIER. Would it disconcert my friend to yield for a question now?

Mr. HADLEY. I yield to the gentleman.

Mr. COLLIER. The gentleman has referred to the substitutes. I would like to know if the tariff on the substitutes is substantially in the same ratio as the tariff upon shingles. I ought to know myself, but I know I am going to higher authority when I ask what was the tariff rate on paper roofing—10 cents, was it not?

Mr. HADLEY. I do not remember.

Mr. COLLIER. But they were about in line with the other?

Mr. HADLEY. There is no duty on shingles or on cedar lumber now.

Mr. COLLIER. I am talking about the proposed bill.

Mr. HADLEY. There is some duty on asbestos shingles.

Mr. COLLIER. I know the duty on asbestos. The gentleman will recall that there was one member of the committee who was very much opposed to the gentleman's tariff on shingles but was rather strong for a tariff on paper roofing, and I just wondered what he succeeded in getting.

Mr. HADLEY. I do not recall that item now.

Mr. GARNER. Will the gentleman yield for just one question?

Mr. HADLEY. Yes; I yield to the gentleman from Texas.

Mr. GARNER. I notice in this schedule you have changed the situation with respect to logs. You have logs at \$1 per thousand at the present time, and that applies to lumber and things made out of the logs, except when you go to make paper that is bought by these large newspaper plants. They get theirs free, and I just wondered why you discriminated against the taxpayer who has to build a house and the taxpayer who publishes a great newspaper.

Mr. HADLEY. That, of course, opens a wide field of discussion as to whether there ought to be a duty on wood pulp or not, and a field in which I do not now desire to enter, because I have not the time. I will make this observation: As the gentleman from Texas knows, I was the chairman of the chemical schedule subcommittee, and I feel that I ought to discuss that schedule as I now intend to do, and therefore I am very materially abbreviating my remarks on the wood schedule, which I would like to discuss at greater length.

Mr. LA GUARDIA. Will the gentleman yield for a question on shingles before he leaves that point?

Mr. HADLEY. Yes.

Mr. LA GUARDIA. Why would it not be in keeping with our conservation policy, and also protect the mills, if we permitted the cedar logs to come in free and left the tariff on the shingles?

Mr. HADLEY. That would just transfer all our business to British Columbia and tie up the production of logs in this country, because they could not compete on a fair remunerative basis.

The cedar has to be taken out with the fir. When you cut the fir you have to cut the cedar and take it out with it, so that there can be no protection without reaching the other side of the line on both the raw material and the manufactured product, in both of which, unprotected, the competition is destructive.

Mr. GARNER of Oklahoma. Will the gentleman yield?

Mr. HADLEY. Yes.

Mr. GARNER of Oklahoma. Can the gentleman inform the committee what a rate of 25 per cent ad valorem per thousand would reflect in price?

Mr. HADLEY. The gentleman probably understands that there are 29 grades of shingles, according to the Tariff Commission report. Some witnesses before the committee stated that there are 26, but the Tariff Commission says there are 29. They will vary and the equivalent specific rate would probably run from 40 to 50 and even 75 cents and more, according to the different grades. Let me say that we produce in the State of Washington and in Oregon every grade of shingle that they produce in British Columbia. But economic conditions have forced our mills into production of more of the lower grades of shingles—lower than British Columbia, because in British Columbia they indulge in the waste of raw material that we could not economically sustain at sacrificial costs. So we are forced to a less profitable production.

Mr. CRISP. Will the gentleman yield?

Mr. HADLEY. I will yield, and then I can yield no further until I take up the chemical schedule.

Mr. CRISP. Will the gentleman tell us why the railroads, telegraph companies, and telephone companies are permitted to bring in logs for poles and cross-ties free?

Mr. HADLEY. Because they are on the free list.

Mr. CRISP. That is an excellent reason, but what I was trying to get at is what induced the gentleman to leave it on the free list when you make other consumers pay a tax?

Mr. HADLEY. I assure the gentleman that there is no reason like favoritism for putting them on the free list. There was no particular discussion, as far as I recollect, on that subject. I do not remember that it was a special issue. I did not mean to be impertinent to the gentleman when I said it was because they were on the free list.

Mr. CRISP. The gentleman understands my love for him and understands that I do not wish to embarrass him, but I noticed it was left on the free list slightly amended, so it was not an oversight.

Mr. HADLEY. I do not think it was an issue before the committee. In all this work, including the chemical schedule, we did not go out of the way to make rates in matters which were not in controversy before the committee. We undertook to deal with conditions before the committee.

Mr. GARNER. In order to help the gentleman to get to the chemical schedule, may I ask him a question?

Mr. HADLEY. I prefer to discuss the chemical schedule now.

Mr. GARNER. I want to refer to one thing in the chemical schedule because I have an engagement at 1 o'clock and I may not be here. I wondered why it was you left casein as it is while you gave 100 per cent advance on the compounds of casein?

Mr. HADLEY. I will say that the committee may be right or it may be wrong on this. I think it is right. I do not profess to have any more wisdom upon that subject than has the gentleman from Texas. But let me state this proposition: Naturally, when I considered the source from which casein is derived I would be inclined to an adequate duty on the product. But we found when we went into the subject as we did that foreign casein commands a higher price in our markets to-day than the domestic casein. It is not the custom in tariff making where competition is of that nature for any application of tariff relief to be made, but only where the prices are lower abroad and come in competition with a higher price at home. As a matter of fact, briefly stated, that is the whole answer to the question of the gentleman from Texas as to why we did not increase the present duty on casein.

We had before our committee chemical experts. Every subcommittee had experts on their particular schedules from the Tariff Commission.

One excellent chemical expert in the employ of the commission had been in South America. He went expressly to investigate this subject and saw the conditions under which casein is produced. He also surveyed the field in this country. He found in Argentina a product that was acceptable to the consumers of casein in this country.

But in the United States it seemed that the state of production has not yet reached the point where they are willing to pay for the American product what they do pay for the product from the Argentine—the principal competitor. Of course I have the greatest appreciation and admiration for the ingenuity and genius of the American people in every line of employment and production, but the precipitation of casein is effected in a different way. It is done in a chemical way here (by mineral acids), whereas in Argentina it is precipitated by the natural sour process and is then sun dried. In America it is dried by artificial heat and there seems to be a material difference in the uniformity and quality of the product. I do not say that there is, but I say that the consumers of the product say there is, and that they pay a higher price for it. We have now a 2½-cent rate on casein, and my friend from Texas [Mr. GARNER] per-

haps recalls that when the Democratic Party was in power it was on the free list. I don't know just why, but we put 2½ cents on it in 1922. What the committee did was to leave it where it is; it did not raise it, because we went into this thoroughly and made an investigation and reached the conscientious conviction that if you raise the rate on casein to the point where the witnesses who appeared in that behalf asked, or to a point where it would be practically prohibitive, to protect and develop this industry here, it would tend to drive the consumption of casein or of the milk from which the casein is made in America out of the market, where it now enjoys a 75 per cent output; because consumers of casein would resort to a substitute for use in coated paper and other industries, but particularly in the coated-paper industry. Whether they would or not I do not know, but they say so. Furthermore, our investigation of the competitive situation led us to believe that logically and necessarily that would result; and where the domestic producers have now a large market outlet for casein, otherwise the skimmed milk from which it is produced would go back into the swill tub. I want to see casein protected as fully as we can protect it, but I believe it would have resulted in a marked curtailment in its use in coated paper if we had followed the suggestions as to a high duty.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. HADLEY. Mr. Chairman, I shall never get to the chemical schedule at all if I keep on yielding. I have taken this time out of consideration for my friend from Texas [Mr. GARNER], and, if the gentleman will kindly wait, I shall appreciate it very much. I have some material here on the chemical schedule that I wish to put into the Record.

Mr. GARNER. Mr. Chairman, I hope the gentleman will complete the answer to the question. He answered why he did not increase the 2½ per cent, but he did not answer why he found it necessary to increase 100 per cent on casein compound.

Mr. HADLEY. We will take that up under the 5-minute rule when we read the bill.

Mr. GARNER. I hope that we will reach it under the 5-minute rule. We will have full opportunity to discuss it if we ever do reach it under the 5-minute rule.

Mr. HADLEY. Now, Mr. Chairman, I wish to say something about the chemical schedule. In the chemical industry America has much to be proud of. You will remember that before the World War the United States had developed an extensive industry in heavy chemicals, but it had accomplished very little in the way of synthetic-organic development. With the outbreak of the World War in 1914 a great era of development in the chemical industry in the United States began. We had a period of depression in that industry in 1913 which was well under way before the war just as we had generally under the Underwood law, but the war intervened, and operated temporarily in a protective way, as it did on other industries, so that the cheap foreign goods that came in before the war ceased, and we began with the war to develop the industry.

As already stated, first, our production of explosives, with its attendant requirements of acids, alkalies, solvents, and other materials, was increased manifold to meet the demands of the allied powers. This period witnessed the greatest progress in the replacement of the wasteful bee-hive coke ovens by the by-product ovens with their invaluable yields of ammonia, coal tar, gas, and solvents, all needed for our war industries.

The dye industry was established, and with it the production of many synthetic medicinals previously obtained almost entirely from abroad and vital for the preservation of the health of the people of the Nation.

The organic chemical industry developed rapidly during the war period. The corn-fermentation method for making butyl alcohol and acetone was successfully developed. Domestic production of synthetic oxalic acid began on a large scale, together with many other important organic chemicals.

After the close of the war the Congress was confronted with the problem of the proper tariff treatment of the chemical industry in order to encourage and foster its newly developed fields. It had been clearly demonstrated to be a key industry, essential in peace as well as in war, for the health and prosperity of our people. The chemical schedule of the tariff act of 1922 was framed with the purpose of further encouraging this industry.

The act of 1922 has been in force for nearly seven years. During that time many important changes and developments have occurred in the chemical industries. The dye industry has continued to develop so that it now supplies about 92 per cent of our total consumption of dyes by quantity and about 80 per cent by value. Many of the standard dyes are cheaper now than they were in 1913, and prices have continually declined.

I remember in 1921 when the Ways and Means Committee was working on the revision which was finally enacted in 1922,

I then had the honor to work with the distinguished Speaker of this House, who was then a member of the Committee on Ways and Means and had long been such. He was chairman of this particular schedule. We labored upon it for weeks. He had been a student of it for years. The result of the work which went forward through the two bodies was finally consummated in the present law, and it is best reflected in what has followed since.

One of the most remarkable developments under the present tariff act is the growth of the solvent industry—the alcohols—denatured alcohol, synthetic methanol, and butyl alcohol from corn, to name the most outstanding, largely due to the tremendous increase in the production of automobiles. Synthetic methanol, first developed in Germany, is now being produced in the United States in sufficient quantities to supply our needs.

The plastic industry has undergone striking development since 1922. This industry may be broadly divided into three main groups—the pyroxylin or celluloid plastics, the cellulose acetate plastics, and the synthetic resins. Each kind of plastic has its special fields of application, based upon physical and chemical characteristics, and prices of the materials. Nearly every phase of human activity now uses these products in some form or other. The cellulose acetate plastics, because of their greater stability to light and heat, and less inflammability, enter certain fields for which pyroxylin is not so well adapted. While the plastic industry has been prosperous, the manufacture of fabricated articles involving a high proportion of labor cost, has met severe competition from imports, due to the low wages prevailing in Europe and Japan.

The last two or three years has witnessed rapid development of the fixed nitrogen industry in this country. The ultimate capacity of the plants now in operation and under construction for the manufacture of synthetic ammonia will render the United States entirely independent of foreign raw materials for the manufacture of nitric acid hitherto made from Chile saltpeter, but now to be made entirely by the oxidation of ammonia. From this synthetic ammonia is also being produced artificial sodium nitrate or Chile saltpeter, for fertilizer purposes. The importance to industry, to agriculture, and to national defense, of a nation self-contained in its supply of nitrogen can not be overemphasized.

Utilization of certain gases in natural gas and in petroleum cracking processes for the manufacture of valuable derivatives was in its experimental stage in 1922. Under the rates provided by the tariff act of that year this new synthetic organic chemical industry has grown to impressive proportions, comparable in promise of future value to the development of the coal-tar industry in Germany. Among the more important products of this industry is thylene glycol, used as a partial substitute for glycerin in the manufacture of dynamite and as an antifreeze in automobile radiators. The latest product of this industry is synthetic acetone. Other valuable derivatives are used for lacquer solvents, extraction solvents, medicinals, and synthetic gums and resins.

Exceedingly important developments have taken place in the production of chemicals produced by fermentation processes. Of these the best known is butyl alcohol produced from corn, while recently the most significant development is the production of citric acid by the fermentation of cane sugar, an accomplishment which, together with the output of Californian by-product citrus industry, renders the United States independent of foreign raw materials for the manufacture of citric acid. The manufacture of glycerin by the fermentation of molasses is also an important achievement.

Other important developments during the last seven years are formic and chromic acids, vanadium chemicals, rubber chemicals, acetaldehyde, and synthetic acetic acid.

A significant development in European industry since the close of the World War is the growth of cartels. The development of these cartels has been pronounced in the chemical industry and involves combinations of manufacturers in one or more of the countries of Germany, France, Switzerland, Holland, Belgium, England, Norway, Italy, and other European countries. Their purposes are various and include pooling of patents, purchase of raw materials, price fixing, allocation of markets for the purpose of stabilization and expansion of exports. Such combinations within the United States are in violation of the Sherman Antitrust Act. Domestic manufacturers are therefore at a disadvantage in the domestic market and in competing with Europe for the export market. Under these conditions they are entitled to ample protection in their home market.

The chemical export trade of the four leading chemical producing nations—the United States, Germany, England, and France—amounted to \$800,000,000 in 1928. Of this immense sum, Germany's share was two-fifths, and represents nearly a 20 per cent increase for that country since 1926. It is significant

that a large share of Germany's increase in exports is represented by fixed nitrogen fertilizers, while important increases were also made in medicinals, dyes, and lacquers. The United States is Germany's best market for chemicals.

The chemical exports of the United States in 1928 ranked next to those of Germany, representing nearly one-fourth of the total of the four nations. The increase in value since 1926, however, is only 5 per cent.

The chemical exports of Great Britain and France in 1928 were less than those of the United States, but represent increases since 1926 of 15 and 12 per cent, respectively.

Certain foreign chemical manufacturers, including members of cartels, have erected plants in the United States in order to obtain an increasing proportion of the domestic market. A recent example of this trend is the announcement last month of the American Interessen Gemeinschaft Chemical Co., a subsidiary of the German Interessen Gemeinschaft, the greatest chemical trust in the world, of its intention to build plants in this country for the manufacture of fertilizers, dyes, rayon, synthetic chemicals, medicinals, photographic chemicals, pyroxy-lins, and other products.

It is of significance that the industrial nations of the world have given special treatment to their chemical industries in the form of license control of imports, protective tariffs, embargoes, or subsidies. While such special treatment has been more frequent in the case of dyes, one or more of these methods of encouraging home industry is used by most of the industrial nations. In the United States many of these methods were employed at one time or another to foster the dye and synthetic organic chemical industry during the critical period from 1916 to 1922. The act of 1922 and the present bill resort to protective tariffs only.

In framing the chemical schedule of the new bill, only such changes have been made as were necessary to meet developments and changes in competitive conditions which have occurred since 1922. There have been some changes in phraseology to avoid litigation which has arisen under the act of 1922. A number of items which have become of commercial importance in recent years have been given specific mention for the first time. A few items have been transferred from the free list to the dutiable list because of the influx of cheap foreign goods. Nearly as many items have been transferred from the dutiable to the free list. In general, the rates of duties proclaimed by the President, after investigation by the Tariff Commission, have been perpetuated. The American valuation provisions of paragraphs 27 and 28 covering coal-tar intermediates and dyes have been retained.

The future prospect of the American chemical industry is bright and bears promise of accomplishing greater things than its recent remarkable achievements, some of the more important of which I have already touched upon. Applications of chemistry to-day affects nearly every phase of industrial life. The fixed-nitrogen industry, synthetic and fermentation organic chemicals, organic solvents, the plastic industry, and many others seem assured of large and vigorous expansion under the rates contained in this bill.

I want to make one reference to the committee report. It contains a brief statement as to the number of changes in the bill, which I find upon review is somewhat inaccurate. It was hurriedly prepared in order to make it available when the bill was introduced. I wish to incorporate this as a more accurate statement of the facts:

Three paragraphs containing new material have been added to Schedule 1 of the pending bill and one paragraph transferred from Schedule 1 of the act of 1922 to the free list. Changes have been made in rates in 32 paragraphs, and in addition 8 paragraphs have had commodities added to them. About 47 commodities have been specifically mentioned, and there have been changes in phraseology in certain paragraphs in order to avoid litigation and ambiguity. Rates have been changed on 40 commodities, of which 33 were increases and 7 decreases, and 9 items were transferred to the free list. Three items dutiable under the basket clauses of Schedule 1 are mentioned specifically in the free list. Also, the rates have been increased on 24 commodities not specifically enumerated in Schedule 1 of the old act, but which were dutiable under basket paragraphs, and there were 7 transfers from the free list to Schedule 1. In addition, paragraph 2 has been expanded and 15 items specifically mentioned.

I also wish to incorporate in the Record one paragraph from the report, so that it will appear more permanently, and also to bring that paragraph to your immediate attention in the consideration of the bill. It is this:

The equivalent ad valorem rate for the dutiable items of the chemical schedule imported under the act of 1922 up to 1928 is 33.78 per cent,

compared with an average of 37.67 per cent for all dutiable items imported during the same period. Furthermore, the percentage of imports (by value) of duty-free chemicals to that of all dutiable chemical imports under the act of 1922 is 71.83, as compared with 62.73 per cent, the ratio for all duty-free imports to all dutiable imports. The equivalent ad valorem rate on all chemicals, dutiable and free, imported under the act of 1922 is 9.39 per cent, as compared with an equivalent ad valorem rate of 14.04 per cent on total imports of all kinds during the same period. Therefore it can not be successfully contended that the rates of duty in Schedule 1 of the act of 1922 are above the levels of other schedules.

With reference to paragraphs 27 and 28, witnesses appearing at the hearings asked that the original rates be restored. These high rates were automatically reduced September 22, 1924, under the terms of the existing law. The committee refused to recommend the restoration of the former rates but has provided for perpetuation of the rates now in force. Request was also made that the rates in the basket clause be raised from 25 to 40 per cent. The committee refused to so recommend, and the general basket paragraph remains at 25 per cent. We lifted out of this paragraph, viz, paragraph 5, a number of the items which have achieved importance and have given them such specific mention and rates of duty as the committee thought were justified.

Mr. GARNER. Mr. Chairman, will the gentleman yield there?

Mr. HADLEY. Yes.

Mr. GARNER. Is not one reason why the average rate is what it is because of the American valuation of coal-tar products?

Mr. HADLEY. Of course, if we had the foreign valuation it goes without saying that the rates would be much higher.

Mr. GARNER. Then, if you had the American valuation applied to other schedules you could materially reduce those schedules?

Mr. HADLEY. I could not say. The result might be the same, but the rate would probably be lower.

Mr. GARNER. Wherever you have the American valuation the rate would be less. You retain it in this bill.

Mr. HADLEY. It is important in its application to new products, and the gentleman from Texas is well aware, as the recital in the statement I have made sufficiently shows, that in the chemical and coal-tar dye industries they are rapidly developing new products, the cost of which can not be accurately ascertained. Therefore the American valuation is of peculiar application to these products which are a necessity both in war and in peace, and the committee was unwilling in the present stage of the industry, with the cartel situation existing in Germany, to recommend a departure from the American valuation in sections 27 and 28 of the present law.

Mr. Chairman and Members, I think the chemical industry faces a very bright future if we maintain the rates that are provided in this bill. We have revised the rates to meet competitive conditions and we have endeavored to consider the cost situation in making those modifications. We have been very careful not to increase the rates beyond what we believe would represent the true differential under competitive conditions. We have endeavored to meet the situation fairly and reasonably. It may be that there are cases in this and in other schedules where all the facts have not been adequately gleaned, but we have endeavored to obtain all the facts in our subcommittee and in the other subcommittees, too. However, it may be that those who have peculiar knowledge of their own industry may present additional facts, and opportunity is to be offered, as I understand, for such showings to be made.

I want to say, in behalf of those who worked with me in the subcommittees on this and other schedules of which I have had the honor to be a member, that they were diligent in their work and gave laborious attention to every detail. I assure the Members of the House that the revision of the chemical schedule has not been an easy task.

It is our conscientious conviction, however, that the conclusions reached, as expressed in the pending bill, are sound and will further promote and develop this great field of national activity. [Applause.]

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. GARNER. Mr. Chairman, I yield one hour to the gentleman from Tennessee [Mr. HULL]. [Applause.]

Mr. HULL of Tennessee. Mr. Chairman, I had hoped that this Congress and the national administration would take advantage of the present wonderful opportunity to make a broad survey and searching examination and analysis of our financial, industrial and economic conditions, to visualize the true place that this great country occupies in the present world situation, preliminary and preparatory to the wisest and most modernized

fiscal legislation. Such course would have involved broad vision and constructive statesmanship with the ability and disposition to recognize and grasp all important phases of our present economic conditions as revealed by our export and import trade, commercial policy here and elsewhere, growing surpluses of domestic industries and their disposition, our foreign debts, our present domestic industrial structure, its general advantages and disadvantages in productive efficiency and capacity, and other governing facts important for present consideration. From a debtor country, from an inferior nation in industry, finance, and trade prior to the war, the United States emerged in the postwar period as the industrial and financial leader of the world. She had developed character, efficiency, leadership, and resources unrivaled in history.

A reexamination of the Fordney tariff structure, with a view to ascertaining what changes would be advisable in our tariff and commercial policy, at this stage, in the light of the great transformation that has taken place in the industrial, commercial, and economic affairs of this country and the world since 1913, was a vital part of such investigation and inquiry. But to my extreme disappointment none of these steps have been taken, but instead "the hog has returned to his wallow, and the dog to his vomit."

Notwithstanding the complete changes here and everywhere, social, political, financial, and industrial, as I have stated, our Republican friends have not undertaken to visualize or deal with a single phase of these new conditions and to prescribe a modified and modernized economic policy that would embrace their sound interpretation. We behold instead a typical old-time Republican tariff revision, with its logrolling, bargaining, and intriguing, trading and trafficking, and other conditions bordering on open scandal, from all of which most people would gladly turn away. Instead of a new policy of moderate tariffs with fair and liberal commercial or trade policy, based on the favored-nation doctrine in its unconditional form, it is now proposed further to build all our economic policies around the doctrine of extreme nationalism or isolation, with discrimination or retaliation as our chief commercial policy, ignoring the patent fact that the future progress and prosperity of this country requires expanding production and expansion of foreign markets.

I frankly admit that when I read the Brazil speech of President-elect Hoover some weeks ago, in which he proclaimed the broad doctrine that "international trade to-day is the lifeblood of modern civilization," I had strong hope that he would return here and be able to impress this sane and statesmanlike view upon his legislative associates at the national Capitol. But sad to say, all visions of our real domestic problems, of international trade, or any other phase of international economic affairs, have been brushed aside, and we come back, as we did 60 years ago, to that narrow, unscientific, and selfish policy of upward tariff revision. Secretary Hoover, to my surprise again, after his return here, undertook to narrow the implications of his speech in Brazil. In his message a few days ago he said:

It would seem to me that the test of necessity for revision is in the main whether there has been a substantial slackening of activity in an industry during the past few years, and a consequent decrease of employment due to insurmountable competition in the products of that industry. It is not as if we were setting up a new basis of protective duties. We did that seven years ago.

Then a second thought occurred to the President, and he could not restrain its expression:

In determining changes in our tariff we must not fail to take into account the broad interests of the country as a whole.

He seemed to realize that somebody might not think of the broad interests of the country but only their individual, selfish interest in connection with the making up of these rates.

And such interests—

The President proceeds—

include our trade relations with other countries. It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a less amount of employment from imports.

There is the germ of a modernized thought that is preeminently applicable to our present-day situation which has been wholly and hopelessly ignored in the policy embraced in the pending bill.

Mr. Chairman, I desire to state the first impression I now get from the situation, as follows:

Viewed from the practical standpoint, there are to-day but two groups of economic thought that will have the least opportunity in the early future to define and write our tariff and commercial policy. Their economic views and practices differ widely and fundamentally. Those who would make themselves factors

in the formulation of our tariff and trade policies, therefore, have no alternative but to support one of these groups and oppose the other. The one, which at present is in control, consists of the chief tariff beneficiaries in hard-and-fast alliance with the dominant elements of the Republican Party. These beneficiaries finance that political organization and in return dictate in the main their own tariff rates, high and indiscriminately—rates based on no formula and no standard of measurement. The chief object is to shut out all competitive importations, direct, indirect, or remote, with no concern for foreign trade. This is the policy of the embargo or superprotection and revisions in the sense of increasing tariff benefits are ever upward. Their methods are often notoriously corrupt. Their standard of political morality is low. Democrats must realize that these sinister forces will continue thus to dominate the Government and its economic policies unless the opposition, regardless of its different shades of more moderate tariff opinion, unites to prevent it.

The other and opposing group of economic thought challenges this policy of narrow and extreme nationalism, its methods and practices, and demands, first, that an impartial Congress, uncontrolled by and divorced from tariff beneficiaries, but fair and friendly toward all sections and classes of legitimate business, shall have the untrammelled function of formulating and writing our tariff and commercial policy. The forces comprising this economic group would moderate the existing extreme tariff practices and liberalize our commercial policy at present based on discrimination or retaliation alone. They would frankly recognize the nature of the present high tariff structure and the fact that certain segments of industry have been artificially developed under its shelter. They would oppose further revision upward, but undertake gradual and careful revision in the opposite direction to a level of moderate or reasonably competitive rates which, while guarding against any conditions of domestic monopoly and at the same time safeguarding all efficient industries against abnormal imports, would place all industry and business on a sounder and healthier basis.

This program coupled with liberal commercial policy calculated to insure wider and better foreign markets for our growing surpluses, would insure the fullest measure of employment at high wages, increased production at lower cost, and splendid profits to capital. To this end the aid of a capable and unbiased fact-finding commission would be invoked at every stage. The general public interest alone would be the test. When this step in revision and liberalization shall have been accomplished, then, under improved and changed conditions will come the occasion for every person to seek such further, final, and detailed revision as his individual views may suggest.

If one is in serious sympathy with the present combined political and embargo tariff forces, for whom such men as Mellon, Lippitt, and Grundy are spokesmen, he should openly ally himself with them, otherwise he should fight on the other side.

Now, Mr. Chairman, as an illustration, and I am trying to get at the practical workings of the forces in this country that now dictate our tariff and commercial policy. I care not a haubee for individual views or theories about the tariff for the purpose of the present situation. The practical side of it is that certain combined forces in this country are in control of the Government. They stand for embargo rates for manufacturing and industry and they undertake at all times to retain their dominance over the American people. Now, one is called upon either to get in behind their leadership and follow them in the preparation and enactment of their tariff policies, in which they may honestly believe, or one must resolutely announce that he is not in sympathy with that policy of extremism, and cast his lot with those opposition forces whose first objective is to check this constant revision upward and head it back the other way, and then proceed, with the aid of a fact-finding commission, until a decent level, both as to the tariff and commercial policy, shall have been reached. As I see it, that is the situation presented here to-day, and strange to say, Mr. Chairman, some other very prominent facts have now disclosed themselves with respect to the present course of those in control. They now boldly announce that they propose, in effect, to abandon all pretense of formulas or standards of tariff measurement and to go back to the old Republican steam-shovel method under which tariff rates were heaped on indiscriminately and mountain-high, upon the assumption that domestic competition would keep prices down to a decent level. That is a part of the fundamental policy written in the present bill.

I must say that our Republican colleagues on the Ways and Means Committee, whatever other qualities they may possess, had no inferiority complex when it comes to writing the rates for certain classes of industry. In the pending bill we are inviting the farmers again to sit on the side lines, while industry

romps about in the middle of the lot and writes high rates that fit their own selfish desires. The Fordney tariff, as I indicated a while ago, is taken as the basis of the present and future tariff policy. That means that most of that structure is already prohibitive of any direct competition. Those prohibitive rates are left undisturbed in the main, and our friends propose to take and adopt that as our permanent tariff structure, and add to it as we go along, which means the stoppage of the small air holes that have revealed themselves since 1922.

In other words, Mr. Chairman, we all know that every tariff-seeking industrialist in the country would have been here demanding increased rates had he not been more than satisfied with the rates he has had since 1922.

This means he has an embargo, because no man living has ever seen greed limited by less than embargo tariff rates in this country.

If it were not for the tragedies growing out of tariff policies I could gather my year-around amusement from the operations and performances of those who seek tariffs and those who enjoy tariffs—visualizing the lobbyists, their movements, their trading, their intriguing, their machinations, and visualizing those who get benefits and those who do not, and see those who come here and logroll and get what they want and then go out from this Capitol singing that old song:

I care not for the stars that shine,
I only know that I've got mine.

[Laughter.]

This is the spirit that characterizes these performances.

The farmer is given high rates chiefly on products he raises for export. The tariff on these yields no benefits.

The farmer ought to be well contented with the rates on all of his products produced for export, and that is the major portion of them. Perhaps 90 per cent of his acreage produces surpluses that must be exported. On hogs and lard and all those kinds of products; also corn, oats, rye, barley, tobacco, cotton, hay—in the main the farmer is given anything he wants: and you know, my friends, I sometimes grow amused when I see Secretary Mellon, for instance, with his 76 per cent on aluminum kitchen ware, 100 per cent effective, under the operation of which that company, with a seven and a half million dollar paid-in capital, has now grown until its net worth is over \$250,000,000—I can visualize Secretary Mellon going to the corn raiser with his 15 cents a bushel on corn and telling him that "tariff protection has become the accepted American policy," and he coddles that corn grower until he teaches him how to repeat that sentence, with his 15 cents a bushel on corn. It might as well be 15,000 cents, and yet he is asked, and too often agrees, to cast his economic fortune with a great industry that is getting 76 per cent or 100 per cent of its 76 per cent tariff benefits.

I can visualize our tin-plate people, and my distinguished friend the gentleman from Oregon [Mr. HAWLEY] was unfortunate in his references to the tin-plate and the aluminum people as examples of keeping down domestic prices. I recall that when we put 2½ cents a pound on tin, Mr. William B. Leeds and Daniel B. Reed said, "Well, if you are going to give us \$50 a ton, we will go down into Indiana and put up a plant and get rich quick," and within 15 years one of them had made \$15,000,000; I think had bought the Rock Island Railroad and gambled it off for another system or two, and William B. Leeds in 20 years had made about \$40,000,000, and his family have been basking in international society ever since. There is a situation where domestic competition did not keep prices down and where we had excessive tariff rates.

The tin-plate manufacturer, sitting behind his tariff at \$22.40 a ton, tells the grower of oats, with his worthless tariff of 15 cents a bushel, that "tariff protection has become the accepted American policy." The manufacture of pocketknives, with his effective tariffs of 183 per cent, shouts to the bacon and lard producer, with his worthless tariffs of 1 and 2 cents a pound, that "tariff protection has become the accepted American policy," and so on through a long list of rates which give industry from 3 to 5 and 10 to 1 advantage over agriculture as a whole. And, too, this is equivalent to saying that scandalous logrolling, notorious high-tariff lobbying and trafficking, and wholesale corruption of State electorates as in Pennsylvania, which always follow in the wake of superprotection movements, have become "the accepted American policy"; and that chronic conditions of depression and bankruptcy in agriculture and serious depressions in all surplus-producing industries—the inevitable conditions under extreme high tariffs—have become "the accepted American policy."

I want to call the attention of the House to the fact that the present revision does not contemplate rate reduction but only rate increases, with a few scattering exceptions, and I was

about to say a moment ago in regard to President Hoover's message, his message only contemplates rate increases in this country, increases on top of the embargo structure of the Fordney Act, enacted in 1922. There is no plan or purpose or desire to even consider whether we should have any tariff reduction in any given instance.

Mr. Chairman, this bill sharply raises the question of whether a tariff rate can ever be made too high, and also the question of whether this Government would ever, under any circumstances, reduce any particular number of tariff rates. The negative of this policy is put forth by this bill.

Since the religious and other wars of the sixteenth century, economic questions and problems have been the germs from which most important wars have sprung. Economic questions more than all others will engross the attention of this country and the world for many years to come. Our economic imperialism and isolation to-day are more unpopular than Germany's military imperialism in 1914. Since the coming of the income tax, the chief demand for high tariffs has been mainly based on considerations of protection. None would urge tariff taxation from the standpoint of equity, because it is essentially a class tax. None would urge it to reduce transportation costs, because it substantially increases such costs. None would urge it as a means of encouraging export trade, because it seriously obstructs export trade. None would urge it as a means of reducing domestic production costs, because it materially increases such costs. None would urge it in reduction of living costs, because it boosts living costs. None would urge it as a means of promoting fair and friendly trade methods and practices, because it invites or challenges trade reprisals and retaliations. None would urge it as an aid to the payment of our foreign debts, with interest, because it seriously obstructs such payments. None would urge it except those who would increase the prices of their own production. Even the chief beneficiaries are not so enamored with high tariffs as honestly to approve tariff protection for materials they must purchase, and they strangely reject the principle whenever it burdens the cost of their materials. This is due to the axiomatic principle that tariffs operate as a simple transfer of property of the producer who does not get its benefits to the producer who does, and is thereby able to increase his prices to the former.

Now, on farm relief—we are ostensibly convened here for the purpose of farm relief. I hesitate to make the personal reference, but in order that I may not be misunderstood I do venture to say that for many years I have been tied up with seven or eight farms. I know something about farm conditions and about the agricultural situation, and I speak sympathetically in what I say.

When I recall that the highest and finest types of our civilization in all the centuries past originated among rural people, that the cities have never been able to preserve and maintain those high types in a permanent way, but that they have always found their last retreat back among that sturdy yeomanry that reside in the rural sections—when I contemplate this situation I naturally fall in with Thomas Jefferson's ideas that we should so conduct our national policies as to maintain an equilibrium between agriculture and industry in this country [applause]; that we should not allow one to submerge the other; that we should keep them on a balance just as we keep our three departments of government on a balance; that this more nearly than all other policies is calculated to guarantee the permanency of a free republic. [Applause.]

Mr. Chairman, if I may be pardoned for just a moment, I want to read what I have been offering for some years here to the House in the form of a resolution in connection with farm relief:

Tariff revision downward, thereby materially diminishing the farmer's cost of production, cost of transportation, cost of living, and liberal trade policies to promote wider and better foreign markets for surpluses; financial and other aid and encouragement of efficiency in agriculture and in the wider expansion and development of cooperative organizations in each branch of the agricultural industry for the purposes of transportation and marketing; and also production to the extent practicable and desirable.

Mr. Chairman, let me pause here to say that if I had my way I would spend \$25,000,000 in a three years' campaign to promote greater efficiency in agriculture in every county in the United States. I would spend \$25,000,000 in another three years' campaign to promote agricultural cooperative organizations and teamwork, a sort of get together, to obtain work on the part of those who might become members.

I now read further: Continued exemption from antitrust laws of farm cooperative organizations or associations. Any additional and more desirable short-term and other credit facilities actually needed and justified by good business principles.

Reduction and readjustment of railway rates, especially as to agricultural products. Abolition by the States of State taxes on farm lands, with the possible retention of a small rate for schools, leaving the same for counties and villages. Systematic suppression of monopolies in the distribution of farm products.

Speedy reenactment of a bill with a revolving fund, providing for the purchase and orderly marketing of the surplus of the principal basic agricultural commodities, and the stabilization of prices on a reasonable basis.

The greater utilization of the Mississippi and other important water courses for the transportation of farm products, and the fullest utilization of water power on farms and for farm purposes. [Applause.]

Mr. Chairman, in 1921 Congress deliberately enacted the farmers' emergency tariff bill for the relief of agriculture. The farmers were assured that so far as tariff relief was concerned they would be more than satisfied. In 1922 the farm leaders were given carte blanche to add to these rates in the Fordney Act, and that was done. They coupled up that with the flexible tariff provision and assured agriculture that if any rate had been overlooked the flexible provision would remedy it.

The point I make is that our friends in control of the Government took this first tariff step in 1921, the second tariff step in 1922, and now we are solemnly convened here to-day to do the identical thing over again, and that is to place agriculture on "an economic equality with industry" through the tariffs. I want to say that if my Republican friends had any disposition, or if it was in their power to do something more for agriculture by tariff than they did in 1921 and 1922, why have they not invoked the flexible provision during all these years if their effort or desire was to serve the needs of agriculture? [Applause.] With a provision of that kind to serve the needs of everybody, and especially agriculture, they have not availed themselves of it except as to two or three farm products, with the result that we turn up here to-day, to use a local expression, solemnly convened to do what this agency has failed to do or attempted to do. It seems to me the farmers of America would finally get their eyes open.

Somebody says, look at what we have done for agriculture in the way of the tariff. Is there any person in this country who does not by this time recognize that under the leadership and domination of the manufacturers, writing their own tariffs, controlling the Government, that any farm tariff relief that could possibly be devised has not come within a thousand miles of placing agriculture on a parity with industry. [Applause.] The results speak for themselves: The value of farm property which had risen from \$41,000,000,000 in 1910 to \$78,000,000,000 in 1920, had fallen to \$58,255,000,000 in 1926, and apparently has since fallen still further. The value of farm products, which had risen from \$7,886,000,000 in 1913, to \$14,634,000,000 in 1920, had fallen to \$12,080,000,000 in 1926.

At the same time the factory value of manufactured products, which had risen from \$23,987,000,000 in 1914 to \$43,653,000,000 in 1921, had risen further to \$62,721,000,000 in 1927. The capital of manufacturers, which had leaped from \$22,773,000,000 in 1914 to \$44,325,000,000 in 1919, has since been very greatly augmented. Furthermore, near 4,000,000 persons on farms have been driven off and sent into industry in order to live since 1920. Near 90 per cent of the farm acreage of 360,000,000 planted to crops, which in part must be exported, get no tariff benefits. When we consider annual market losses, in addition to those of capital, agriculture is \$30,000,000,000 to \$40,000,000,000 worse off since 1920, while industry is much more than correspondingly better off.

In the face of these physical facts and tragic results, we are assembled here to enter upon the third round of preaching tariffs to the American farmer. And I would to God this great House could forget politics for one week, forget the narrow selfishness for one day, study the real economics of the situation, and sit down and write a tariff bill which would do justice to the American people. [Applause.]

Mr. Chairman, I need not elaborate on what has happened to agriculture. To-day the prices the farmer has to pay are 65 per cent higher on the average than before the war, while the prices that he gets for his products are only 28 per cent higher. That is the range between his income and his outgo after seven years of copper-riveted tariff protection, guaranteed to place agriculture on an economic equality with industry. I would be disloyal to every conviction I have and to every consideration of agricultural interests if I did not frankly state to the American farmer what I conceive to be the true economics of this situation as it relates to him. Our farm leaders have one option. They can either get in behind the industrial leadership of Messrs. Mellon, Grundy, Lippitt, and the spokesmen of those combined forces that are now in control and who write their own rates for industry, which are always higher

in every succeeding revision, to the increased injury of agriculture, which must stand by and take a few scattering crumbs that come to agricultural specialties, making agriculture the handmaiden of industry, reducing it to the beggarly condition of peasantry, or they can, like the great Senator Dolliver, of Iowa, like the great La Follette, of Wisconsin, rise deliberately and courageously fight for the true economics of their section of the country. [Applause on the Democratic side.]

I would to God we had them with us to-day. You would hear a rattling of dry bones such as has not occurred in this Capitol in a generation. Agriculture, as stated, is thirty to forty billion dollars worse off to-day than it was in 1921, and industry is forty to sixty billion dollars better off than it was in 1921, and yet we stand up here with straight faces and pretend that we can place agriculture on a parity with industry by means of the tariff. [Applause on Democratic side.]

Mr. Chairman, as illustrating how this system works, as I said, we might as well be calling up doodle bugs as to stand around and express individual tariff ideas, ignoring the forces that write the tariff laws in this country. There is the key to the situation. The forces down yonder will later on write the laws to govern this matter, and I am going to deal with them. I am not going to stand around here with my hands in my pockets talking about theoretical ideas of the tariff.

Mr. Grundy was called down here in the Pennsylvania election scandals as a witness, and they asked him why they had spent a great amount of money to corrupt the entire State electorate up there, and he promptly said—and that was his philosophy, in which he frankly believed—that they were doing that because “we were trying to select candidates for office who were in harmony with the Mellon-Coolidge economy ideas.” Secretary Mellon was quoted as saying that this was like giving money to a Sunday school. There is the whole story. The curtain was accidentally drawn aside to show how the chief tariff beneficiaries financed the political party with which they are allied and how they are willing to go to any length to see that their forces control this Government. Are you with these corrupt embargo tariff forces or against them? This is the inescapable issue now and hereafter.

My friend the gentleman from Connecticut [Mr. TILSON] some months ago gave out a statement to the effect that whenever there is any tariff revision it must be by its “friends,” and you know when he said that it must be by its friends he meant by its beneficiaries. He meant Joe Grundy and former Senator Lippitt, and those who had put up the money and who come here as a matter of right to dictate the law. I hear some gentlemen complain around here now that they are not getting what they want out of this bill. If they will think back they will probably recall that they did not put their money into the campaign jackpot in 1928, and that is the key, without impugning anybody's motives on this floor, because they are simply a part of the system here, and they have to go along with it or rebel and be kicked out.

They say that tariff protection has become the accepted American doctrine. My inquiry is, What kind of protection and what kind of tariff, and who writes it? These gentlemen mean an entirely different thing from what some Republicans and Democrats of the House mean here when they echo that sentence. These gentlemen mean embargo protection on their respective industries. That is the only “accepted policy” they would stand for or put up their money to maintain. That is the policy that we are asked to go in on in return for some measly benefit upon some local item, and you know, Mr. Chairman, the great tragedy of this situation is that too many of the American people do not stop to figure out the net benefits, if any, they do get out of the tariff rates. They are more often net losses. If they see a little gross benefit somewhere, they fall for that and then unite with the most antiquated, hide-bound, extreme high-tariff beneficiaries and follow their leadership under this system of superprotection. That is what I am opposed to. I can not conscientiously get behind that group, and I will not do so.

Mr. SPOUL of Kansas. Mr. Chairman, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. SPOUL of Kansas. Will the gentleman from Tennessee please explain to the House just how the so-called high protective-tariff system will be injurious to the people?

Mr. HULL of Tennessee. If the gentleman has not found that out before now, I am sorry for him. I am going right along, to be frank with the gentleman.

Mr. SPOUL of Kansas. I have not heard any explanation at all. Perhaps I am too dense and incapable of comprehending the gentleman's lucid explanation, but I can not understand it.

Mr. HULL of Tennessee. If the gentleman is incapable of understanding, it is not his fault, as one gentleman once said of another; it is the fault of God Almighty, perhaps, who made him. Mr. Chairman, I am going along. Every kind of propaganda is put out to indoctrinate people into; not moderate protection, not reasonable protection, or sensible or practical protection, but embargo protection, mainly for industry. I shall illustrate it by citing the Fordney Act in a few minutes. They cite Jefferson, Madison, Jackson, and some more of those statesmen back yonder years before the tariff had become of enough importance to call for any fundamental thought or consideration, in support of present tariff prohibitions. But if we want to know how they, if back here, would act to-day, we need only to consider their economic philosophy, which everyone well understands, and apply it to this present-day condition. If you could visualize Jackson going to bed with Nicholas Biddle, then you could figure Jackson getting behind Grundy, Lippitt, and those fellows who are now advocating an embargo for the exclusive benefit of a limited number of people. The same is true as to Madison and Jefferson. The fact is that under later Democratic rule, after 1830, they recognized that a portion of business had been built up artificially and that they must keep up relatively high rates on it for a time, and that other rates could at once be materially reduced and still other rates swept aside.

That condition prevailed from 1831-32 to 1860. The trend of tariffs was steadily downward. Since then just the opposite course has prevailed. During the Civil War, when the rates had gone up to mountain-high elevations, every statesman promised later to reduce those rates. After that war we had a plethora of money, high wages prevailed, and the country went on a joy ride, just as was the case after the recent World War. But after the Civil War our manufacturing friends got together and, observing that the country was asleep, decided to make that high war tariff the permanent peace system.

And so after the recent World War we had some sporadic imports on account of collapsed exchanges and currencies abroad. Then the Congress hurriedly threw together the provisions of the Fordney-McCumber Act. No man living will say its provisions were based on any tariff formula or on any facts relating to the foreign or domestic production costs. They professed to construct those abnormally high rates on account of the alleged emergency, and they were referred to with condemnation by most of the Republican press of the country. But the framers vowed that they were enacted in order to meet the temporary abnormal war conditions.

The flexible provision of the tariff was then enacted, with at least the implied promise that it would be used as we emerged from those abnormal conditions, to bring these rates down to a reasonable peace basis. Instead of that, the beneficiaries are running true to form now, and are complacently announcing that those massive structures in the Fordney-McCumber tariff law shall be untouched, except to make increases, and shall be made the permanent tariff policy of this country, just as was done following the Civil War.

I am going to read to you soon a few figures showing its operation. Now, in order to maintain this system a great many catch phrases and slogans are put out, because democracies are governed largely by slogans and catchwords. One of these is the statement that the Fordney-McCumber Act has yielded \$200,000,000 more revenue annually than was yielded by the act of 1921, and that therefore it is not prohibitive. An examination and analysis will clearly differentiate between any phase of protection embraced in that bill and the revenue features. England, for instance, with her free-trade policy, raised \$590,000,000 this year. In 20 minutes the other day I checked off 20 or 30 items of imports showing how 75 per cent of our revenue for 1927 had come in. That 75 per cent came in at an average duty of 55.3 per cent. There is the real range of the Fordney-McCumber tariff structure in its exactions. I append the table to my remarks. The most of those revenues came either from articles that we do not produce enough of here and which we must import, such as wool, burlaps, sugar, and tobacco, and from specialties and novelties which are not directly competitive with domestic production. You will find 85 per cent of the revenues under the Fordney-McCumber Act—that is, \$574,000,000 for 1927—do not come from competitive products that come in here, but from sugar and tobacco and wool and other commodities of which we do not produce enough for our supply, such as figs and walnuts, and also specialties. There is where most all of your revenue comes from.

You know, Mr. Chairman, we could take sugar and wool and three or four other items and increase the rates and thus get a billion dollars revenue, and we would then have the balance of the tariff structure, the competitive portion, prohibitive and

bombproof, and then we would have nothing to do but to bring in free a great mass of materials that we do not produce, just as is occurring under the Fordney-McCumber Act.

That is the truth, so far as this great bugaboo about the increase of revenue since 1922 is concerned. We now get \$130,000,000 revenue from sugar, or \$60,000,000 more than in 1921; \$32,700,000 from flax, hemp, and jute, or \$19,000,000 more than in 1921; \$25,881,000 from raw wool, a net gain over 1921; \$9,754,000 from ferro alloys, a similar net gain; \$12,164,000 from precious stones, a net gain of \$5,000,000; \$11,616,000 from wood schedule, a net gain of \$10,000,000; \$9,500,000 from oil seeds, a net gain of \$6,250,000; \$39,000,000 from wool manufactures, a net gain of \$21,000,000, due mainly to fabric specialties not competitive, and oriental rugs, chiefly at much higher prices than domestic. This class of illustrations could be easily extended, which, with other specialties, not competitive, reveal the real sources of present Treasury revenue, as they do the articles yielding the same.

I point these out in order that you may see the actual operation of the rates which, however, shed no light on the great mass of concealed rates that are prohibitive. And yet, here we sit, proposing to revise rates upward. There is only one country in the world with a higher rate structure than ours, although ours could and should be much lower.

Spain has a structure the index number of which is about 40; ours comes next, standing at 37; France is third at 30; and on down to England with 5; the Netherlands with 6 or 7; and other countries with small index numbers. Yet, Mr. Chairman, we took the lead in 1922 and carried the world along with us in the direction of these extraordinarily high-tariff structures. We hear vociferous talk by high-tariff champions about our volume of imports and exports. The unvarnished truth is that in per capita exports the United States stood No. 12 in 1927. In per capita imports for 1927 the United States stood No. 14. These cold figures should disillusion and induce our boasters to subside in some degree. I append the list of countries and their per capita imports to my remarks.

Now, on the question of imports. They say that imports have come in here. You know, my friends, the great trouble with the American people is that they are too busy to sit down and make a study of anything except their private business propositions. Take the import situation. We have principally been importing silk, rubber, wood pulp, paper, burlap, and those kinds of commodities. There is where our increases mainly have been. If you want to get at the real protective condition under a tariff law, however, you must look at the imports of finished dutiable manufactures. There is where the competition comes, if there is any competition. There have been a great many figures cited here about the increase in imports and exports. In the first place, those figures are hopelessly misleading unless you convert postwar dollars into 1914 dollars. For example, our imports of finished dutiable manufactures in 1914 were \$364,231,000, if you include burlap. In 1927, on the same dollar basis, they were \$378,546,000. In other words, Mr. Chairman, we put 160 articles and classifications on the dutiable list by the Fordney Act and took them off the free list, and their imports became dutiable, including wool, burlap, and articles of that kind, we had to buy, and that increased the amount of the dutiable imports correspondingly. But if you count them all in and equalize the dollar, the imports were substantially less in 1927 than they were in 1914, and yet, although our consumption has trebled, here come these giant industries asking the Government for a rolling chair or a crutch or similar aid. Back under the Dingley law the imports of finished dutiable manufactures increased \$200,000,000 in 1907 above those of 1898, and here we are, after 13 years, with this class of imports below what they were in 1914, asking higher tariffs. Why, Mr. Chairman, the total dutiable imports of all kinds under the Fordney Act only increased from \$1,240,000,000 in 1922 to \$1,562,000,000 in 1927, and this is more than accounted for by the transfer of raw wool, burlaps, and 160 other products from the free to the dutiable list, omitting entirely the large increase of sugar and other imports that we must have. If we equalize the values of dutiable imports for 1927 with those of 1914, for the sake of comparison, the latter are \$766,423,000 and the former \$1,041,000,000, or an increase in 13 years of \$275,000,000. Again the many transfers from the free to the dutiable list under the Fordney law would probably offset this difference. Furthermore, sugar values alone went from \$110,725,000 in 1914 to \$264,275,000 in 1927. In striking contrast to this absence of actual increases in value we find that under the high Dingley Act total dutiable imports went from \$324,636,000 in 1898 to \$790,391,000 in 1907, a period of only nine years. These figures should explode all this claptrap about supposed increases of dutiable imports under the Fordney Act.

Now, gentlemen, these present Fordney rates, as I said, do not keep out novelties, specialties, and varieties. As you know, we have a great population in this country that formerly lived in other countries and many insist on buying from the old country certain articles, like tomato paste, for example. We have a rich population in this country, and we deserve to have, in view of our intelligence, ingenuity, and natural resources. The American people are going to have fresh vegetables the year round, and their specialties and novelties regardless of cost, and when they send abroad to get some specialty in the cotton industry or in the woolen industry they are going to have it regardless of tariffs, and it does not compete in any direct way or in any damaging way with our production. These purchases help pay for our foodstuffs and other exports. We have been ransacking the earth for novelties, specialties, and curios since the war, in order to buy them and bring them in here, and thus provide our pleasure and our comfort. If you place a tariff high enough to keep them out, then you create a complete monopoly in this country for 90 per cent of our domestic production. That is the situation that is present here. Our present tariffs are already framed not only to protect the weakest and most inefficient industry in this country, but the most inefficient individual business in that industry. They are framed to protect overcapitalization, watered capital, inefficient management, obsolete and antiquated machinery and plants, and also to protect against freight rates across our 3,000-mile continent. This is an anomalous, not to say amazing, situation in the greatest, richest, and most efficiently productive nation in the world. No questions are asked as to these phases of industry when tariffs are demanded. The only question, as a rule, is "How much do you want?" The utter lack of importance of an industry, or its lack of justification as an economic or business proposition, is never inquired into as a rule. Most other countries demand a showing of efficiency in these and all other essential respects before granting tariffs indiscriminately. Rates thus piled high, regardless of merit or need, as so strongly typified in the present Fordney Act, offer a standing invitation and a challenge even to other countries to raise their rates against our exports. They also bring on bitter economic controversies, such as we have with France to-day. This phase presents a tariff evil of outstanding injury and danger to this country at all times.

I must hasten along.

I am trying to dispose of two or three of these tariff catch phrases and slogans. Another is that the Fordney Act has been responsible chiefly for such satisfactory business conditions as have existed since 1922. Now, as a matter of fact, Mr. Chairman, I do not wish to minimize any temporary benefits of tariffs to certain businesses or any improvements or developments they might bring somewhat sooner than they would otherwise have come, but in 1922, as we emerged from the war, most of the world's gold had flowed here. No nation in history had such a great and efficient manufacturing plant as we had. We were hopelessly behind with road building and railroad improvements, so we proceeded to spend \$1,000,000,000 to \$2,500,000,000 a year in the construction of highways, and that called for all kinds of iron and steel, and timber for bridges and culverts, and powders, other materials, and for labor at high prices. Then the automobile expansion set in and they were spending \$3,000,000,000 to \$4,000,000,000 a year and taking nearly 20 per cent of the iron and steel production, 60 per cent of the plate-glass production, large quantities of copper, tin, lumber, furnishing materials, textiles, rubber, gas, and other products, illustrating that no industry in America can get along without going to every continent of the earth for some of its materials. So that made active all these industries. Then the building business set in, as a result of the long interruption by the war period, and they proceeded to spend from \$6,000,000,000 to \$8,000,000,000 for brick, cement, furniture, housefurnishings, lumber, tacks, brads, rivets, bolts, nuts, and almost every other conceivable article, with the result that those industries were started.

Then, Mr. Chairman, as you know, at about that time the installment-buying business started. The people proceeded to buy \$3,000,000,000 worth of commodities on credit, and that permitted industry to turn out that much more in advance and that gave it that much of an increased amount of activity. Then we proceeded to loan in the aggregate \$16,000,000,000 abroad largely to pay for our exports that we were selling to other people, and that enabled us to turn out from \$3,000,000,000 to \$4,000,000,000 of additional commodities. There, and there alone, in these great industries, wholly unrelated to the tariff, we find the major factors in such business improvements as have occurred since 1922.

I remember that Mr. Leonard P. Ayres, perhaps the ablest economist in America, and of the opposite political faith, after a most searching analysis of the economic conditions during the past 60 years, in 1922 announced that 4 out of every 10

years, regardless of tariffs, had been years of serious depression, while the other 6 had been years of very satisfactory or more than satisfactory business conditions. Perhaps the greatest libel and economic falsehood ever perpetrated in this country has been the chronic high-tariff propaganda about alleged business conditions as result of the Wilson tariff of August, 1894, and the Underwood tariff following the World War. If the Wilson tariff, which was enacted a year after the full force of the panic of 1893 had come, and which panic conditions disappeared a year before the Dingley law was later enacted, had any direct relation to that period of depression, then Republican high tariffs were clearly responsible for the panics of 1873 and 1907. As to the Underwood-Simmons Act, for the years 1919 to 1922, inclusive, our exports exceeded imports by \$9,661,000,000. No nation in peace time ever experienced such powerful trade advantages as did this country during this 4-year period immediately prior to the Fordney Act. For 1920 our agricultural exports, not including forest products, exceeded imports, which have been grossly exaggerated, by \$731,000,000, compared with an excess of \$1,000,000 in 1927. This is the way agriculture was "wrecked" in 1920. If the Underwood Act was remotely responsible for the deflation conditions in 1921, it was even more responsible for the world deflation at that time, because it first manifested itself in Europe.

There is the conclusion we would all agree upon, my friends, if we could divorce ourselves from politics and prejudices and preconceived notions long enough, as I view it, to look at the plain economics of this situation.

I have here an analysis—

The CHAIRMAN (Mr. Kopp). The time of the gentleman from Tennessee has expired.

Mr. GARNER. Mr. Chairman, I yield the gentleman 30 additional minutes. [Applause.]

Mr. HULL of Tennessee. I am indebted, Mr. Chairman, to the House for its courtesy and indulgence, and before glancing at this analysis I wish to visualize as best I can the scope of the application of tariffs with reference to those who get immediate benefits and those who do not. We have a total of around 28,000,000 wage earners in this country. It is clear that not more than 15 per cent to 25 per cent of them are in a position to receive any increased wage benefits from tariffs, even theoretically. For example, the 3,000,000 wage earners in transportation have no remote tariff shelter. The nearly 3,000,000 wage earners in the building trades have no remote tariff shelter. There are 3,126,000 clerks, typists, and others not in stores, with no tariff shelter. The 800,000 coal miners have no tariff shelter. Two million one hundred and forty-three thousand professional persons have no tariff shelter; 4,242,000 retailers, real-estate agents, insurance agents, scores of other kinds of agents, and so forth, have no tariff shelter. Eight hundred thousand persons in the Federal, State, and local service have no tariff shelter, and so on.

In this country we have a mineral industry that produces five and a half billion dollars' worth of product a year, with 1,090,000 wage earners connected with it, and 95 per cent of the mineral industry turns out products not related remotely to tariff shelter, such as iron ore, coal, and petroleum and gas, cement, coke, and sulphur, and all of the industries of any importance except zinc and lead and those minor industries, such as talc and bauxite and tungsten out in the district of my friend from Colorado, and 15 or 25 other small items; and yet the 1,000,000 laborers in the branches of the mineral industry with no tariff shelter are taught year in and year out that high tariffs are responsible for their high wages and high-living standards. This is the whole story about the application of tariffs to the mineral industry.

Then, take the agricultural industry. There are ten and a half million people laboring on farms, six and a half million farmers and four million and forty-one thousand wage earners. I dare say that from 80 to 85 per cent of them are connected with growth of the staple products that get no tariff benefit or no appreciable tariff benefit, such as corn, cotton, most wheat, tobacco, oats, rye, hay, and barley. So they are out from under the shelter and yet, year in and year out, they are taught that such wages as they get and such prosperity as they may happen to get now and then in some particular line, are due solely and alone to this embargo system of tariffs.

Then we come to manufacturing production. This turns out \$62,000,000,000 of products each year, or if you will allow for duplication, it is \$41,000,000,000. They employ 8,300,000 wage earners out of the total of 28,000,000 in the country, and you would imagine that all these industries are getting tariff benefits and that all of these wage earners in manufacturing industry are getting tariff benefits which are responsible for their high living conditions and high wages.

As a matter of fact, take the refined petroleum industry, which is in the census of manufactures, \$2,300,000,000 of production, 65,000 wage earners, that do not get any tariff benefits.

Motor vehicles and bodies, 228,000 wage earners, \$1,500,000,000 production, no tariff benefits.

Motor vehicles complete, \$3,250,000,000 production, 201,000 wage earners, no tariff benefit.

Lumber and timber products, 473,000 wage earners, \$1,500,000,000 production, no tariff benefit.

Bread and bakery products, \$1,250,000,000 of production, 160,000 laborers, no tariff benefit.

Boots and shoes, \$977,000,000 of production and 215,000 laborers, no tariff benefit. And they, by the way, are paid a better wage than they are in any of the textile industries that are more highly protected than other industries of the country.

Steam railroad cars and general construction and repair, \$1,248,000,000, 425,234 wage earners, no tariff shelter.

Book and job printing and publishing, \$1,470,000,000, 255,751 wage earners, no tariff shelter.

Newspaper and periodical printing and publishing, \$1,447,000,000, 117,000 wage earners, no tariff shelter.

Flour-mill products, \$1,148,000,000, 31,988 wage earners, no effective tariff shelter.

Gas, \$455,460,000, 46,988 wage earners, no tariff shelter.

In fact, Mr. Chairman, I have a list here comprising from thirty to thirty-five billion dollars included in the census of manufacturing production, with around 3,500,000 wage earners, that does not pretend remotely to get any tariff benefits at all or to any appreciable extent, and yet these wage earners are taught, day in and day out, that their high wages and high-living standards are due solely to tariffs that shelter the industries in which they work. It is startling and amazing to visualize the small percentage of production—agricultural, mining, and manufacturing—and the corresponding small percentage of American wage earners that fall under effective tariff shelter, which, however, affords highly concentrated benefits to capital.

Mr. CROWTHER. Will the gentleman yield?

Mr. HULL of Tennessee. Yes; I always yield to my ferocious but punctilious friend from New York. [Laughter.]

Mr. CROWTHER. I trust the gentleman from Tennessee will not class me, after I have asked this question, as one of God Almighty's unfortunates as he did the gentleman from Kansas [Mr. SPOUL]. I just want to ask the gentleman at this time if, by his suggestion, he is making the inference that the men on our farms in this country and the men who are in the mining and other industries, who, he says, are being taught continuously this doctrine, are not gifted with ordinary common sense. The gentleman evidently is suggesting that they are weaklings and that their lack of intelligence has resulted in their developing a wrong viewpoint? Let me ask the gentleman from Tennessee—

Mr. HULL of Tennessee. I can not be interrupted too long. If the gentleman has a question—

Mr. CROWTHER. Let me ask the gentleman one question: Does the gentleman think he is out of step with the views that were voiced by his party last fall, and was he one of the distinguished Members who answered the telegram and verified the views of Mr. Raskob and Mr. Smith on the protection platform that was adopted by the Democrats in the campaign last fall?

Mr. HULL of Tennessee. Any occurrence that took place a year ago in the minority party of this country is interesting, but immediate explanations of some of the outrageous provisions in this tariff bill that is now pending is much more important than being diverted to go back to those things. [Applause.]

Mr. CROWTHER. That is just begging the question. I hope the gentleman may answer my question.

Mr. HULL of Tennessee. The gentleman is extremely anxious to get away from the merits of the situation that is immediately before the House. [Applause.]

Mr. CROWTHER. Oh, no; the gentleman from Tennessee is just adopting the Yankee method of answering one question by asking another. [Applause.]

Mr. HULL of Tennessee. I asked a pertinent question, anyway.

Mr. CROWTHER. So did I. I asked a very pertinent question and received no answer. [Laughter.]

Mr. HULL of Tennessee. Now, Mr. Chairman, I have stated the labor situation in the mineral, the agricultural, and the manufacturing industry.

I go to the trouble of bringing these facts out because there is a complete misapprehension throughout this country as to just how many people are getting tariff benefits. This is one

thing I have undertaken to do for the farmers during the committee hearings.

I have frankly recognized where they get the benefit of the tariff and to see that they are not fooled and misled by worthless paper tariff rates that may be thrust upon them. With all the clamor for sugar tariffs, the farm census of 1925 shows only 144,000 cane and beet sugar growers, while only 430,000 farms report sheep, and 42,000 farms in the range and coast States report two-thirds of the wool values of the country, and they get the chief portion of the tariff benefits. The farmer with a small flock producing medium or coarse wool, gets no appreciable net tariff benefits. His is a mutton and lamb proposition for meat, to the extent of three-fourths of his receipts. Should we raise enough sheep to supply our entire wool consumption it is more than probable that the meat and lamb side of the sheep industry would suffer a market glut. Here is an illustration of the number of the 6,500,000 farmers who derive all sugar-tariff benefits and the chief portion of those from wool. We have from 50,000 to 100,000 commercial growers of peanuts, who get more or less tariff benefits. The same is true as to a number of the citrus fruits, truck products, and so forth. The growers of our 600,000,000 bushels of soft wheat get no tariff benefits, while certain spring or other hard wheat from time to time gets a small amount, especially when there is a scarcity of production. I append to my remarks a table showing the staple products and the acreage wherein no tariff benefits—but only tariff injuries—are experienced.

Now, on this labor situation I want to finish that by reading a few figures about production of labor here and abroad. It is a favorite past time of the champions of embargo protection to try to fool labor, and I am referring to the system as it exists when I refer to protection.

In 1925 the value of net production for each dollar paid in wages in the United States was \$2.50; in England it was \$2.14. In other words, in England they paid the labor less than half what they paid in this country, but the value of the product turned out for each dollar paid labor was in the ratio just stated. The wage in this country is \$1,280, and in England \$513—40 per cent of that in the United States. But the output per man was greater. There is the test in comparing wages and labor cost.

There is the actual effect of wages as revealed by the output per man. Now, take the value produced for each dollar:

Bakery products for the United States, \$2.73 for each dollar paid labor—\$2.68 in England. Confectionery, \$3.15, and England, \$2.70. Cotton spinning and weaving, \$1.80 in the United States and \$1.75 in England. Woolen and worsted goods, \$1.72 in the United States, \$1.92 in England. Over there they do a little better than we do.

All this claptrap about the wage rates here and England and Germany throws no light on the actual cost of labor.

I have heard a great deal of talk about raising the tariff on pig iron to protect wages. I made a computation and found that the cost of a ton of pig iron was about \$20 and the labor cost was \$1.13. Our tariff is \$1.12½, so if other countries could produce it without cost of labor our tariff would offset the entire labor cost. That is one phase of this bill. Throughout the bill wherever it may be feasible to maintain rates to prevent excessive and abnormal importations they are two, five, and ten times greater than any labor cost would justify.

Mr. O'CONNOR of Louisiana. Will the gentleman yield?

Mr. HULL of Tennessee. I yield.

Mr. O'CONNOR of Louisiana. Would the gentleman express his thought as to what would be the ultimate effect of the \$16,000,000,000 loan made to European countries upon our industrial growth?

Mr. HULL of Tennessee. Mr. Chairman, I have figures, tables, and data showing comprehensively for the first time in this country the range of wage rates, the amount and value of production per wage earner for each dollar expended for wages in the United States, England, and Germany. I have already read some of these figures as to the United States and England. Not having the time to present all this data here and now, I will append it to my remarks with special emphasis as to its importance. It deserves to go in the middle of any tariff speech. It shows that German wage earners only have 40 per cent of the horsepower of the American; that the English wage earner has less than 60 per cent of the horsepower of the American. This data further reveals that the quantity produced for a dollar of wages is less in Germany than in the United States in coal, petroleum, sulphur, cement, paper, linen cloth and yarn, graphite, salt, and so forth. It shows that the wage earner in England receives on the average but 43.96 per cent of the United States wages, he only produces in quantity 36.39 per cent of that of the American wage earner, while the value of the product of the English wage earner is only 38.64 per cent of that of the

American. It shows that in the linen-cloth and yarn industry the German wage earner gets 35 per cent of American wages, but the value he adds in manufacture is only 33.85 per cent of that of the American. It shows that in the textile industries generally German wages are about one-third of American, while German productivity per worker is about one-third of that of the American.

Another striking fact relating to American wage increases which this data I am filing as an appendix shows is that productivity of labor, wages, and horsepower show virtually the same relative percentage of increase since 1914, namely: Horsepower, 44.6 per cent; value of production, 44.89 per cent; and wages, 47 per cent. Any intelligent wage earner must from this be able to see that the manufacturer has not been out a dollar of extra money for the purpose of wage increases, but the entire wage increases since 1914 are accounted for by the increase of productivity per wage earner, both in value and quantity. This disposes of another outrageous myth that has been worked overtime by high-tariff advocates.

These figures completely expose the fraudulent propaganda about "cheap foreign labor." The increase of productivity, or the output per man, is the outstanding factor in our high wages and high living standards. Our vast materials, food-stuffs, and intelligent American labor place us in a superior productive position. To these conditions we have but to add the mechanization of industry to get the full story of low production costs, high wages, and increased profits. High wages were first established in the nontariff sheltered industries, which have continued since to maintain the lead. The initial step was taken by Henry Ford in 1914, and the law of supply and demand, coupled with the liberal policy of the Wilson administration, were the chief underlying causes for the present system of high wages and living standards which were firmly established prior to the Fordney Act. There have been no important increases of wages since 1923. The average earnings per factory worker were \$590 in 1914, \$1,181 in 1921, and \$1,280 in 1927. The average earnings thus increased 100 per cent prior to 1922. These figures dispose of the claptrap to the effect that the Fordney tariff brought high wages and living standards, which, in fact, came before it and remained despite it. Secretary of Labor Davis, in his monthly Labor Review, February, 1928, confirms the view that nontariff-sheltered industries took the lead in wage increases, while the textile and iron and steel industries were reducing wages under the Fordney tariff. The review reads as follows:

Heavy factors in the upward trend since 1922 are the trades engaged in baking, building, stone work, auto driving, freight handling, and printing. * * * The building trades and all of these trades collectively had a wage rate 26 per cent higher in 1926 than in 1920. Anthracite coal workers had an increase of 10 per cent in the latter part of 1923. On the other hand, there was a decrease of 32 per cent in hourly earnings in cotton manufacturing, of 22 per cent in woolen manufacturing, of 15 per cent in the iron and steel industry, and of 6 per cent in railroad wages, all as between 1920 and 1926.

And yet propagandists shout "high tariffs and high wages for labor." This same publication gives the index numbers of wages per hour at 100 for 1913, 234 for 1920, and 229 for 1926. The truth is that many leading manufacturers distributed hundreds of papers and pamphlets during 1921-22, preparing the way for the deflation of wages. The new industrial and business conditions, however, negated such proposal, and besides they feared to hazard strikes and lockouts for the sake of wage reductions. The boom in building, railroad improvement, and automobile production set up about this time. These industries employed more than two-thirds as many wage earners as manufacturing, and they had been increasing wages, with result that tariff-protected manufactures were in an awkward position to make reductions. The output per worker increased 37 per cent from 1919 to 1925. Installment buying also became a factor in industrial and trade expansion. The increase of wages by the great nontariff-sheltered industries during this period created an additional demand for commodities, and this made increased production possible. The fact that commodity prices generally have not been materially increased since the rise of 1923 proves that high wages paid under the conditions already described did not increase production costs, otherwise prices would rise with wages, and we would get nowhere.

The restriction of immigration has kept out 8,000,000 aliens since 1920, who would have materially interfered with the labor situation. It is undoubtedly true that the program for the "return to normalcy" included the deflation of labor, but it failed. Labor will always owe a debt of gratitude to the Wilson administration, which many have not yet even acknowledged. There is a gross misapprehension about high tariffs

and wages. A great growing new country, situated as is ours, inevitably pays higher wages than other and more-densely populated and less intelligent countries. There is always a close relation between the productivity of labor and the wages paid. A low wage naturally goes with low industrial efficiency, and generally means a high labor cost. High-priced labor, as a rule, is the lowest-priced labor. Prior to our high tariffs England was the highest protectionist country in the world, and yet there was more difference between her wages and ours then than at present, with the conditions reversed. If so simple an expedient as a legislative act can create high wages and living standards, are all other nations so stupid as not to see and adopt this remedy? We find, on the contrary, that free-trade England long paid half as much again wages than any other country in Europe, including France and Germany, with high tariffs. Another patent fact that should impress the most stupid person is that the widest difference in wages in the United States and England is in the very industries and occupations which do not and can not receive tariff protection, such as the building trades, automobile, transportation, and so forth. Does not this condition demonstrate conclusively that the difference in wages here and in England is not at all attributable to tariffs? How absurd it is in the same breath to argue that even a smaller difference in wages in manufacturing here and in England is chiefly or measurably due to tariffs. We have then but to bear in mind the fact that labor cost in production is in no accurate sense determined by rate of wages per day or hour. One employer may pay \$5 a day and another \$1, but it is generally found that instead of the first employer paying five times as much as the second he is in fact employing the cheapest labor. The only honest way to determine the difference in labor costs here and elsewhere is to consider a combination of wages, hours, efficiency of management, and of labor, also the amounts and values of the products of the labor at the different places.

Mr. O'CONNOR of Louisiana. If the gentleman will yield further, I would like him to express a thought as to what he thinks should be done with the Philippines in the way of permitting them to be released of any attachment to us and allowing them to work out their own salvation.

Mr. HULL of Tennessee. Yes. Now, Mr. Chairman, I can only jump from one subject to another and insert the balance in the RECORD. But on the question of our surplus in this country. Our Republican friends are blindly supporting a narrow tariff policy which is one contemplated to safeguard only the American market and which drags down and sacrifices economic policy when it comes to applying it to the surplus products of this country for export.

We have presented here a serious situation and one that is growing more serious year after year. We have the great agricultural industry, which has a large surplus; the coal industry, which has a large surplus; the automobile, the machinery, leather, furniture, copper, oil, lumber, and the medium and coarser cotton textiles; also silk and woolen, gypsum, shoes, cement, paints, and many chemicals, naval stores, sulphur, lead, rubber manufactures, tools, books, and a long line of others that I could enumerate here, which have serious troubles that have to do with overproduction. That presents a problem that we must consider and that we can not evade much longer, although it is completely left out of the picture in this bill.

Mr. BRUMM. Mr. Chairman, will the gentleman permit a question right there?

Mr. HULL of Tennessee. In just a moment. In 1927 our world trade was \$22,000,000,000 in 1914 values, and that is the only way that you can compare the increase. If it had increased at 6½ per cent a year, as it had prior to the war, it would have been \$44,000,000,000 in 1914 values for the year 1927. In other words, the world has only caught up to the extent of 50 per cent on the average with our trade among nations compared to what it otherwise would have been at the 6½ per cent pre-war annual increase. That means a loss of \$145,000,000,000 in international trade since 1914 in 1914 dollars, or in our present dollars a loss of \$200,000,000 since 1914 in our export trade among the nations of the earth. This reveals the great obstruction of the mutually profitable exchange of goods among nations, and their consequent inability to buy more of each other's surpluses.

We have congratulated ourselves on the extent that our exports have gone up to \$5,200,000,000 for this last year and \$4,800,000,000 for 1927, but if you reduce that \$4,800,000,000 to 1914 dollars, it amounts to \$3,400,000,000 in contrast with \$2,400,000,000 for 1914, so that our increase in exports for 1927 over 1914, fairly compared, are slightly under \$1,000,000,000; and we effected that increase largely by denuding the world of its needed gold and by loaning from \$14,000,000,000 to \$16,000,000,000 abroad with which to pay for it. We have to-day, and we have had for eight years, Central and South America

and the canal opening out across the Pacific to the Orient, with 800,000,000 consumers over there. If we had exerted one-third of the effort the automobile industry has in order to launch and sell \$500,000,000 of its products abroad, if we had gone among these 800,000,000 people and educated them into wanting more things and into buying, as the automobile and other industries have done, if we had only induced them to increase their purchasing power \$10 each, then there would have been a reservoir of \$10,000,000,000 of purchasing power that could and would have taken over in recent years every ounce of our surplus production in this country in every important line. But we have preferred to lie asleep behind high-tariff walls all this time.

Mr. Chairman, the gentleman from Oregon [Mr. HAWLEY] complacently announces that Americans have the primary right in our markets. Who, here or anywhere, has ever thought of questioning the absolute jurisdiction of every government everywhere over its domestic markets? The Chinese proclaimed this axiomatic fact thousands of years ago when they built their great wall and proceed literally to keep their markets to themselves. It is a singular coincidence, however, that an authorized Republican spokesman would proclaim and emphasize this fact just at the time Americans are asking the privilege of entering the markets of other nations and selling in competition goods wholly or partly manufactured comprising three-fourths of our total exports of 1928. The gentleman from Oregon would make a splendid foreign sales agent for our automobiles, machinery, cotton textiles, tobacco, foodstuffs, and other vast surpluses we are simply compelled to sell elsewhere.

Those favoring the present extreme protective system dismiss foreign trade with the flippant remark that it only amounts to 8 per cent or 10 per cent of our total production. How does this claptrap impress the cotton grower, who must export and sell abroad from 50 to 60 per cent of his production? The cotton grower has only to recall the awful war days of 1914, when his foreign markets were cut off and cotton plunged down to a level of below 7 cents a pound. How does this view impress our wheat grower, who must export 26 per cent of his production; our rye grower, who exports 53 per cent; our tobacco grower, who exports 40 per cent; our lard producer, who exports 30 per cent; our producers of petroleum products, who export from 30 to 34 per cent; our automobile manufacturers, who must export from 500,000 to 1,000,000 cars? Suppose, in accordance with the trick slogan that our 8 to 10 per cent exports are of no particular consequence, we should fall into a situation where all these large percentages of cotton and other surpluses were kept at home, there would be depression and panic unrivaled in human history. And yet this is among the strongest of the so-called arguments that have long been advanced to maintain extreme high protection.

Every observing person must now realize that each nation, however self-contained in itself, is interdependent for its trade and existence with all other nations. Notwithstanding our vast and superior range of materials, every industry in America must draw upon the other five continents for more or less of its materials in order to succeed.

The extreme protective system is defended by the statement of another fallacy, to the effect that imports displace to a serious or damaging extent domestic production, whereas the outstanding purpose of international trade is a mutually profitable exchange of commodities. Extreme protectionism gradually approaches the policy that the Nation will buy nothing from abroad that can possibly be produced at home, regardless of cost. Many rates in the present law are confirmatory of this statement. The broader and saner idea is that, in addition to exchange between countries of commodities the purchaser does not produce, there is a rather large range of necessary commodities the production of which is not economically justifiable or which are produced in wholly minor or insignificant quantities compared with home consumption demands. There is in this connection, as I have indicated, the further view that a luxury and semiluxury purchasing nation like ours naturally buys abroad certain fashions or designs or specialties that compete remotely or not at all with home production.

Still another phase of this international trade policy is that, in order to avoid embargo tariffs with retaliation and widespread conditions of domestic monopoly, the rates should be adjusted so that no domestic concern could feel that it had a monopoly on the home market by reason of tariffs, except by furnishing comparable goods at lower prices. Drastic or abnormal imports against an efficient industry, as stated, would be safeguarded against. It was under the operation of these combined ideas that international trade or barter between nations has grown and the fullest measure of prosperity has come to people thus participating. We must not forget that for every dollar of merchandise exported there must sooner or

later be a dollar of the same imported. It is, of course, true that in a wholly minor sense it is possible to transfer money in payment for goods sold. The overwhelming portion of international trade, however, comprises goods and services.

Another interesting phase is the fact that our Government during the war did not loan and transfer the \$11,000,000,000 of actual money to the allied governments; we let them have goods largely and took their notes in payment, thus retaining our own supply of money intact. Neither were the \$16,000,000,000 of private loans made abroad during past years in the form of money transferred to other countries, but to a partial extent, but under the mechanism of international trade and finance our immense volume of tens of billions of exports were thus measurably paid for. In other words, we have shipped and sold our exports abroad chiefly on credit during recent years. This country is tremendously dependent upon international trade, and we can not assist our export industries with import duties, but on the contrary we impede and throttle them.

We can not overlook the fact that trade among nations is a mutual rather than a one-sided affair, and that international cooperation involves exchange, reparation, allied debts, control of basic raw materials, and numerous other relationships that no one nation can settle alone. Within a short while the interest and partial payments on our increasing foreign indebtedness, now \$26,000,000,000, will amount to \$1,500,000,000 to \$2,000,000,000. It must be evident to any discerning person that this country can not much further proceed without incalculable economic injury to sit entrenched behind extreme high-tariff barriers, further safeguarded by a network of discriminations, reprisals, and retaliations such as we find in the Fordney Act. For each country thus to surround itself with insurmountable trade barriers and pursue the philosophy that it must consume only home-made products but at the same time sell its surplus to its neighbors and expect to do so indefinitely is to live in a fool's paradise.

The United States is a great creditor Nation, possessing enormous quantities and assortments of raw materials and foodstuffs, and operates the most efficient and huge manufacturing plant in world history. We have great overproduction capacity in agriculture, mining, and manufacturing. To undertake to curtail and restrict production in each of these lines to the amount of home consumption is unthinkable. This fatuous course would result in the further raising of our tariff walls, which would be followed by extreme high prices, high production costs, and high living costs, which at no distant period would become unbearable. Since tariffs only benefit some at the expense of others, we would, as we do now, see its victims struggling for any and all kinds of Government devices to place them on an equality with tariff beneficiaries. Socialism in the most aggravated form would be our ultimate fate.

The Nation's largest problem to-day is gradually to develop a system of moderate or competitive tariffs with fair trade relations abroad, in order to reduce production costs, transportation costs, and living costs, and thereby create larger and better foreign markets for our growing surpluses. We now have 2,000,000 wage earners producing products for export; and with our surplus productive capacity of \$20,000,000,000 to \$25,000,000,000 we could easily have 6,000,000.

Mr. BRUMM. Mr. Chairman, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. BRUMM. The gentleman made a statement that among industries that suffered from overproduction was the matter of coal. Where is that? I happen to come from a coal region, and we have been idle about two-thirds of the time for about the last four or five years.

Mr. HULL of Tennessee. If the gentleman could have exported about a million tons a year he would not have been idle. That is what I am making clear.

Mr. BRUMM. How are you going to export it when it was not produced? I would like to get this clear. The gentleman made a statement in connection with prices that the miner, for instance, can produce more per day and that, therefore, it is not the real difference in wages between the English and foreign labor and our own. Does the gentleman mean to say that the efficiency of the American miner makes his wage equal to that of the foreign laborer? What does the gentleman mean by that?

Mr. HULL of Tennessee. I have not the time to go into the details, but I shall answer it in the Record, if the gentleman will permit. The gentleman is aware of the disadvantage in England in mining as compared with many parts of our own country and the advantages on the other hand.

Mr. BRUMM. The gentleman would not consider the efficiency of the American miner as being one of the points of suffering that he speaks of that the tariff brings to the American laborer?

Mr. HULL of Tennessee. I think the gentleman wholly misunderstands me.

Mr. BRUMM. I think I understood the gentleman very well, but the gentleman does not want to answer it, just as he did with Mr. SPOUL of Kansas and Doctor CROWTHER, the gentleman from New York.

Mr. HULL of Tennessee. Mr. Chairman, the point I am trying to stress upon the House is that we have reached the stage in our trade and industrial affairs that calls for a tariff and commercial policy that will deal with our export situation, expand our foreign markets, and give us those opportunities we are so richly entitled to. We have, for example, this textile situation. Just a few days ago the gentleman at the head of the cotton textile institute, Hon. Walker D. Hines, pointed out that the real trouble was due to the neglect of the industry to train agents to go out and gather foreign trade for their surplus products in the cotton industry. In the woolen situation we have built our tariff up so high that the American people are seriously cutting down their purchase of clothing. I shall insert in the RECORD tables showing the increases that this bill proposes, running as high as 113 per cent on ordinary woolen fabrics for the clothing of the average citizen. When a great nation gets its entire economic structure jacked up on stilts, running as high as 113 per cent for ordinary woolen clothing, we are treading, in my judgment, on dangerous ground, both as to the woolen manufacturer and grower. I shall insert some elaborate figures in that connection.

Mr. BROWNING. Will the gentleman state how much of that 113 per cent goes to the farmer for the wool?

Mr. HULL of Tennessee. I wish I had the time. As I said, I want to recognize every tariff benefit that a farmer can get, but I would not have our little flock owners of 30 or 40 on the farm for diversification, imagine that they get any net advantages out of any kind of wool schedule that may be furnished. We all recognize that 42,000 flock owners in 12 States in this country own about two-thirds of the wool values of this country. So that when we are allocating wool in tariff benefits we should give credit to those 42,000 flock owners, and the little flock owner with his coarse sheep wool, has three-fourths of his return coming from the meat rather than from the wool, and he can not felicitate himself on getting any benefit from any wool structure that may be provided. Agriculture as a whole needs lower costs of production, of living and marketing above all else.

Mr. ESLICK. Mr. Chairman, will the gentleman yield?

Mr. HULL of Tennessee. Yes.

Mr. ESLICK. Can the gentleman tell us what substantial benefit the farmer will derive from any of these tariff duties on farm products?

Mr. HULL of Tennessee. I will say to the gentleman that I think we all agree that the Haugen bill was predicated largely on the proposition that as to most staple agricultural products the tariff could not be made effective. Unless that 4-year campaign was a farce and a fraud, we can not stand here now and say that agriculture as a whole, by any possible arrangement, can get tariff benefits that will not be hopelessly disproportionate to those of industry. I have frankly recognized and pointed out most of the minor phases or specialties that do get some benefits.

I have not had the time in the recent rush of business to take up each item, but we, of course, all realize that an increase of the duty on corn from 15 to 25 cents is an absurdity. Even if you put an absolute embargo on it you still have 95 per cent of the crop surplus left. The sale of 95 per cent abroad affects domestic prices as much as the sale of 100 per cent. That is also true of wheat and cotton and other commodities of which we produce a substantial surplus. We recognize that the wool-grower has been getting 16½ cents a pound tariff benefit; butter nearly 6 cents prior to 1928; sugar, peanuts, certain citrus fruits, some truck products, meats to a small extent at times, flaxseed, and some other minor specialties at times get more or less tariff benefits; but I can not see how the friends of agriculture as a whole can undertake to link agriculture up with the manufacturer's embargo tariff structure of this country as a permanent policy; because under that policy agriculture is doomed to destruction.

That is why I am not content to go back to my agricultural constituency and say to them, "You are \$30,000,000,000 to \$40,000,000,000 worse off after eight years of high tariff, and industry is \$50,000,000,000 better off," and I will say, "I will vote against chaining you irretrievably and irrevocably to the chariot wheels of this superprotective tariff system of industry." [Applause.]

Mr. Chairman, the big central fact in our present tariff proceeding is that it is proposed to take the Fordney Act of 1922, which is confessedly prohibitive as to two-thirds to three-fourths of its rates and classifications, readopt it as our perma-

nent tariff structure and revise it upward by the pending bill. This is an effort to revive the identical tactics and policy of the Republican Party when they undertook to revise similar high structures upward by the passage of the McKinley law and the Payne-Aldrich law. One basic policy is that virtually no rates, however high, shall be reduced, and not even the slightest re-examination of these rates shall be made at the present time. The fact that ours is the second highest tariff in the world to-day should give even Republicans pause. A further truth that imports of finished dutiable manufactures upon proper comparison are less to-day than in 1914 should be convincing to any sane person of the embargo nature of the present law.

Time prevents any elaborate analysis and comment on the rates of the various schedules. We should bear in mind that the only possible way to ascertain the height of a tariff system is to take each important article or commodity and the rates prescribed for the same and compute the tariff effects in each instance. The general average ad valorem equivalent in many respects does not reflect the true height of a tariff structure, for the reason that a large number of high rates are prohibitive and do not appear in the tables of imports and exports, and for other reasons.

The chemical schedule, though already high, was boosted in many instances by the Fordney Act. It receives numerous additional increases in the present bill. Coal-tar intermediates bear an average duty of 52.40 per cent, with trifling imports of \$926,000. The American valuation system applies. The spokesman for the industry during the tariff hearings said that he had in mind rates that could be reduced, even from his standpoint of extreme high protection. Naturally these rates on intermediates with the American valuation are prohibitive to every practical extent. The rates on dyes, colors, and so forth, range from 47½ to 61 per cent. Ninety-five per cent of our quantity requirements are supplied at home. The imports of \$5,419,000 are chiefly specialties or fancy dyes of one sort or another at extremely high cost. Not over 3 per cent of our total domestic output is affected by competition, and that relates to this class of specialties.

Indigo comprises one-third of our total output at 51 to 61 per cent, with less than nominal imports of \$3,567. Sulphur dyes constitute about one-fourth of our production, with no imports. We are selling large quantities of indigo and sulphur dyes throughout the world without fear of competition. The duties applicable to these are of course prohibitive, with no disposition to reduce them in the least. It is seriously claimed that large quantities of dyestuffs, such as indigo, sulphur black, Bismarck brown, methylene blue, alizarines, fast light red B, and other colors are to-day being sold in Canada and other countries at substantially less prices than in the United States. I have comparative figures, but not the time to read them. The situation therefore, is that the dyestuff industry is insisting on the retention of American valuation and its present prohibitive rates. All feel a pride in the chemical industry, but it is not fair for that great industry to insist on the indefinite retention of rates and valuation methods that we really intended to be temporary as well as prohibitive. I could cite quite a list of acids carrying high or substantial rates, with no imports and considerable exports, which rates are left untouched by the pending bill.

Paints and varnishes carry an average rate of 33¾ per cent with exports of \$25,611,000 and sporadic imports of \$3,765,000; domestic production, \$519,000,000. This rate is prohibitive in the light of the import and export situation, coupled with the fact that with a little initiative and industry we could export \$100,000,000 of paints.

We have \$5,185,000 exports of explosives, with \$972,000 of imports at 36.39 per cent; domestic production, \$72,489,000. This rate is ridiculously high.

The rate of \$5.60 a ton on ammonia sulphate should be repealed.

Soap carries average rate of 22.62 per cent, with imports of \$1,122,000; exports, \$7,860,000; production, \$278,273,000. The labor cost is trifling. This rate is left untouched.

The rate on medicinal and pharmaceutical preparations is 30.43 per cent, with exports four times greater than certain minor imports. In the language of Chairman HAWLEY this embargo rate "has worked well."

The sugar tariff rates proposed are an economic outrage.

COTTON SCHEDULE

I desire to call attention to the embargo nature of most of the cotton schedule. Most of the medium and all the coarser cotton cloths are being sold throughout the world. The cotton textile manufacturer is already overburdened with tariffs which invite other countries to erect tariffs against our cotton-cloth exports. He needs more reasonable prices on his dyestuffs, acids, and other materials so as to keep production costs to the lowest reasonable level. This policy is the key to the increased

employment of capital and labor and increased exports of cotton cloth and other manufactures. I now cite some of the figures of imports and exports as follows, under the operation of the present Fordney law:

There are numerous important increases in the cotton schedule. Cloth of yarn No. 70 is increased from 27.5 per cent to 34.5 per cent. This continues until cloth of No. 90 is increased from 30 to 41.5 per cent. This relates to cloth not bleached, printed, dyed, or colored.

The rate on cloth of yarn exceeding No. 90 is 44.5 per cent ad valorem, compared with an equivalent ad valorem rate ranging in the main from 31.33 to 33 per cent, with a limitation of 33 per cent.

Cotton cloth, bleached, carries maximum duty of 44.5 per cent, contrasted with 33 per cent under the present law.

Cotton cloth, printed, dyed, or colored, carries a maximum rate of 47.5 per cent, contrasted with 40 per cent under the present act.

Paragraph 906, cloth in chief value of cotton, containing wool, 60 per cent ad valorem, is entirely new. Present rate, 40 per cent. According to this arbitrary classification, cloth containing near 100 per cent of cotton and an insignificant amount of wool would be transferred to this 60 per cent paragraph.

The Tariff Commission states that imports of cotton cloth are due primarily to the quality of certain grades rather than to general price competition—that the price factor is the deciding one of only a limited number of fabrics. A majority are imported because of quality or reputation and are sold on the American market at higher prices than the nearest comparable domestic fabrics.

Tapestries and other Jacquard figured upholstery cloth increased from 45 to 55 per cent.

Pile fabrics, as to velveteens, increased from 50 to 62.5 per cent.

Cotton-textile production for 1927 was \$1,567,400,000. Imports of semimanufactures dutiable, \$3,733,000, at average rate of 28.09 per cent; exports, \$23,996,000. Virtually the only imports are from 41s to 120s and above as to yarns and warps. Most of these were 68/2 and above.

The Tariff Commission said:

Imports in the finer counts are supplemental rather than competitive.

Imports are specialties and fine counts, such as those used in lace and lace-curtain manufacture. Domestic ring spun yarns are cheaper than foreign mule spun and within the range of counts common to both we have no competition.

Sewing-thread production, \$46,409,000; imports, \$1,480,000, at 20.19 per cent; exports, \$1,285,000; imports less than 1 per cent of production and mainly for handwork and at higher prices than comparable domestic cotton.

Cotton-cloth production, 8,980,000,000 square yards; value, \$1,183,760,000; imports countable cloths, \$15,792,000, at 31.26 per cent; exports, \$74,956,000.

Output of fine cotton cloths not over 13 per cent of the total; not over 6½ per cent of yarns above 40s made here; three-fourths of imports were fine yarns.

The Tariff Commission says:

Imports are due primarily to the quality of certain grades rather than general price competition. * * * The more important factors appear to be quality, reputation, lack of domestic production, and specialty demands. On the staple grades made of yarn not finer than 40, there is practically no competition from abroad; domestic mills can produce and export most of such goods in competition with the world. Some of the imports are finer-count cloth than any made here, and some are sold at lower prices than the domestic, but the majority are imported because of quality or reputation and are sold on the American market at higher prices than the nearest comparable domestic fabric.

America imports but a fraction of 1 per cent of production; exports large. Our production chiefly with automatic looms on mass scale, whereas imports are largely of fine-yarn fabrics, specialties, and novelties of high manufacturing cost.

Fine-yarn cloths above 40 yarn, imported, was 5½ per cent of similar domestic production. The chief competition is in cloth with yarn between 60 and 100.

The cotton-textile industry, as to all medium and coarser production, is in far greater need of reduced production costs than of tariffs.

Moderate rates on acids, dyestuffs, and so forth, alone would be helpful save as to very fine yarns and cloths.

Tire fabrics, imports, \$385, at 25 per cent; exports, \$1,799,000; production, except tire duck, \$110,529,000. Why should this rate be retained?

Oilcloth, imports, \$6,568, at 27½ per cent; exports, \$2,305,000; production, \$18,762,000. Why should not this rate be reduced?

Waterproof cloth, imports, \$95,900, at 40 per cent; exports, \$3,480,000. Why should this rate not be reduced?

Cotton cloth containing silk or artificial silk, relating to shirts, and so forth, imports, \$90,800, at 41.88 per cent; exports, \$4,157,000; production, \$70,893,000.

Blankets, imports, \$277,000, at 40 per cent; exports, \$925,000; production, \$29,452,000.

Towels and bath mats, imports, \$29,600, at 25 to 40 per cent; exports, \$898,000; production, \$42,800,000.

Sheets and pillowcases, imports, \$59,600, at 25 per cent; exports, \$172,000.

Cotton wares, tubing, and so forth, imports, \$654,000, at 32 per cent; exports, \$4,000,000; production, \$62,000,000.

Cotton hosiery: Imports, \$1,397,000, at 49.82 per cent; exports, \$7,329,000; production, \$71,034,000. The exports are valued at \$1.69 per dozen, and the imports at \$1.83 per dozen. Our imports are chiefly full-fashioned hosiery for women. We compete anywhere in hosiery from coarse and medium yarns.

Cotton knit underwear: Imports, \$279,000, at 45 per cent; exports, \$2,540,000; production, \$110,522,000. Yarns used are generally under 40s. We rank third as an exporter of these goods.

Handkerchiefs, mufflers: Imports, \$618,000, at 48 per cent; exports, —; 90 per cent of imports are handblocked prints and fancy woven borders. Virtually no imports of plain cotton handkerchiefs, but only specialties and novelties.

Cotton wearing apparel: Imports, \$889,000, at 34.84 per cent; exports, \$7,907,000, to every country. Imports a small fraction of 1 per cent of production.

Nottingham lace curtains, and so forth: Production, \$5,518,000; imports, \$56,800, at 51 per cent; exports, \$65,000. We pay 30 per cent duty on Nottingham machines or near \$3,000 duty; also 30 per cent on prepared bobbin yarns not produced here.

METAL SCHEDULE

Mr. Chairman, I append to my remarks a rather full statement of imports, exports, domestic production, and dutiable rates pertaining to the principal items in the metal schedule under the operation of the Fordney law. The entire structure with a few scattering exceptions is hopelessly prohibitive. One illustration relates to the basket clause in paragraph 372, miscellaneous machinery, the domestic production of which, for 1925, was \$1,438,000,000. The dutiable rate as a rule is 30 per cent. Scattering imports of \$10,500,000; exports in 1928 were \$250,496,000. The 30 per cent rate on this vast range of machinery products is left untouched. Electrical machinery, and so forth, has imports of \$1,584,000 at 30 per cent; exports, \$88,958,000; production, \$369,879,000. But I can not single out instances because the numbers are overwhelming. I direct special attention to the long list of these articles with their rates, their imports and exports, as an exhibit to my remarks.

There is no material competition in steel ingots, blooms, billets, and so forth. The exports of steel bars are ten times the imports, with a rate of 24½ per cent. Exports of boiler plate, saw plate, skelp, and so forth, are three and one-half times the imports at 27 per cent. Galvanized sheets show exports of 12 per cent of production, compared with imports of one-half of 1 per cent of production at a rate of 22¼ per cent. The exports of 568,710,000 pounds of tin plate and products compare with imports of 2,382,000 pounds at 12½ per cent. Our exports of structural iron and steel are near twice the amount of imports at 16¼ per cent. Copper-wire production amounts to \$85,507,000, with nominal imports of \$2,367 at 25 per cent. Brass wire is in the same category. I might likewise mention insulated wire and cable, which show production of \$210,617,000, with imports of \$17,940 at 35 per cent, while exports are \$5,166,000. Wire strand and rope present a similar trade and tariff situation. Similar excessive or wholly useless tariff and trade conditions embrace forgings and anchors, electric storage batteries, at 40 per cent; ball and roller bearings, steel rails, axles and axle blanks, railway wheels, tubes, pipes, and so forth, chains, nuts and bolts, cut nails and spikes, horseshoe nails, wire nails, tacks, brads and staples, horse and mule shoes, table, household, and kitchen utensils, with a 49.7 per cent tariff; similar aluminum utensils, with 76 per cent tariff; tinware at 40 to 60 per cent; crosscut and circular saws at 20 per cent; steel plates for printing, and so forth, at 25 per cent; saddlery and harness hardware at 35 per cent; fountain pens at 87 per cent; table cutlery at 66¼ per cent; files and rasps at 34 per cent; breech-loading guns and rifles at 70½ per cent; automobiles and parts at 25 to 30 per cent; motor cycles and airplanes at 30 per cent; steam engines, locomotives, sewing machines, at 15 and 30 per cent; cash registers at 25 per cent; printing presses at 30 per cent; lawn mowers at 30 per cent; machine tools at 30 per cent; textile machinery at 37¼ per cent; adding and calculating machines at 25 per cent; internal-combustion engines at 30 per cent—imports, \$75,800; exports, \$10,324,000; production, \$117,893,000; shovels, spades, and so forth, 30 per cent, with no imports.

Numerous classes of pottery and earthenware of large domestic production carry rates as high as 60 and 70 per cent with purely nominal imports and no competition, such as sanitary ware and plumbing fixtures, porcelain electric supplies, chemical porcelain and chemical stoneware, stoneware, yellow ware, and red ware. The production of these articles is \$54,500,000. In the American earthenware tableware industry foreign wares imported for the most part are not comparable with domestic wares. We have competition of about \$1,000,000 bone china with our home Lenox china of \$1,000,000 production. There is little china produced here that we find on the tables of private families. There is more or less competition in vitreous china hotel and restaurant ware, the production of which is about \$10,000,000, imports \$1,214,000. The point in this situation, therefore, is that four or five plants have installed what is known as the tunnel kiln method, which is ten or twelve times more productive than the now obsolete methods in the other plants in this country. Tariffs will not help these latter, and yet they are mainly the occasion for the proposed increases. This is the old story of jacking up tariffs to aid antiquated plants.

The proposed increase from sixty-odd per cent to near 100 per cent on common window glass is due to the same condition of obsolescence existing in about 30 per cent of the industry. We are producing around 70 per cent of domestic requirements under the most modernized methods, and the plants are making splendid profits. They could easily stand a reasonable reduction, in lieu of the proposed large increase for the benefit of the antiquated plants.

The boost of 26½ per cent on plate glass is attempted to be justified by computing costs of production for the combined years of 1923, 1924, and 1925, whereas on the cost basis of 1925, which had become a normal year, this duty could have been reduced 2½ per cent instead of being subjected to the proposed boost of 26½ per cent.

In the flax schedule there is a monstrous increase on cordage of 300 to 400 per cent, the pretext for which is to compensate for the boost on raw flax and succeeding processes, and also upon the representation that there have been substantial increases of imports of cordage during recent years. The truth is that the major portion of these increases are from the Philippine Islands and admitted free. The increase from elsewhere during a period of five years was only \$384,000. Our domestic production of cordage is \$35,156,000, with imports of \$732,000 outside of the Philippines, and exports of \$1,108,000. Supplying, as we are, 99 per cent of domestic consumption, it is outrageous to jack up prices of cordage in this manner. The bill does not even remove the tariff of 30 to 35 per cent on machinery for weaving flax yarns, which we do not produce. This illustrates the reckless and haphazard manner of the proposed revision.

Our friends, the wool grower and the woolen manufacturer, are doing all within their power to aid in a tariff revolution in this country. The wool grower is not content with 31 cents per scoured pound and must have it raised to 34 cents. The woolen manufacturer avails himself of this opportunity to boost compensatory and other protective rates substantially out of proportion to this 3-cent increase on raw wool. The present wool-yarn rates are entirely prohibitive, and they are now pushed up from 55 to 72 per cent to a level of 84 to 113 per cent. Woven fabrics in some classes are then raised from 96¼ per cent to a 100 per cent minimum, while another class of fabrics, valued at 80 cents to \$1.25, is shoved up to 111.7 per cent. Still another fabric, valued at from 60 to 80 cents a pound, goes to the extreme high rate of 115.57 per cent. The price of woollens already has reduced consumption, and it bids fair to reduce it substantially more. The importations of woollen fabrics, \$22,199,000, are not competitive in price. The Tariff Commission says:

In general, it can be said that imported fabrics of wool sell on the American market at higher prices than the nearest comparable domestic fabrics. Domestic cloths are sold mainly to manufacturing clothiers, while the bulk of the imported fabrics are consumed by merchant tailors.

The tariff cost of the woolen schedule to the American people is around \$200,000,000. The woolen industry, like a large number of other industries, has been suffering severely from overproduction, as well as from excessive tariffs, save as to a small segment of the finer yarns and cloths. I have not the time to go further into the details of this schedule. The American Farm Federation in 1923 estimated the tariff gain to the wool grower at \$37,500,000; cost to farmers, \$27,300,000.

Mr. Chairman, the proposed revision provides in effect that the valuation by appraisers shall be final except by appeal to the Secretary of the Treasury. This astonishing proposal strips bare the jurisdiction of the Customs Court and its authority to adjudicate unquestioned and hitherto unchallenged rights of the

citizens. This is bureaucracy run mad. The very suggestion that the most valuable property rights of the citizen can be disposed of or dealt with as a finality by the Treasury Department with the slightest recourse to the courts of the country is wholly impossible to understand.

The proposed enlargement and broad expansion of the provisions and functions of the flexible tariff clause is astonishing, is undoubtedly unconstitutional, and is violative of the functions of the American Congress. Not since the Commons wrenched from an English King the power and authority to control taxation has there been a transfer of the taxing power back to the head of a government on a basis so broad and unlimited as is proposed in the pending bill. As has been said on a former occasion, "this is too much power for a bad man to have, or for a good man to want." We have recently witnessed the astounding spectacle of Congress in session engaged in the work of enacting tariff legislation, while the President, assuming equal and coordinate authority, has undertaken to anticipate Congress by legislating himself while the session of the legislative body is in progress. This proposal embraces another revolutionary policy, which is, to abandon the law and the Republican doctrine to the effect that all tariffs should be measured by the difference between production costs here and abroad, by adding a number of alternative so-called methods to ascertain what is termed conditions of competition between this and other countries. It is proposed thus to give the President and his Tariff Commission, which, by the way, is virtually taken away from Congress, authority to use what in practical effect will be any sort of basis on which to fix tariff rates.

This is in accordance with the recently announced doctrine of the gentleman from Oregon [Mr. HAWLEY] to the effect that in the future as now there will be no formula or standard of tariff measurement, but when rates are retained or written indiscriminately high domestic competition can always be depended upon to keep down home prices to a decent level.

That is the most plausible argument that the gentleman made in support of his bill. Yet, Mr. Chairman, no proposal that has been advanced in this House for the past 25 years has been so repeatedly repudiated and condemned as that has been by the Republican Party in this country after 12 years' experience with the Dingley law, and that is the identical proposal on which this bill rests. No one pretends that this bill is drafted on any understandable method. We do not know the cost of production here or abroad. In 1910 the Republican campaign book contained a foreword in the form of a letter by President Taft, and here is his statement on this identical proposition on which the entire policy of this bill rests. I read from the Republican textbook. He says:

The truth is that under the old protective idea the only purpose was to make the tariff high enough to protect the home industry. The excess of the tariff over the differences in the cost of production here and abroad was not regarded as objectionable, because it was supposed that competition between those who enjoyed the high protection would keep the price for the consumer down to what was reasonable for the manufacturers. The evils of excessive tariff rates, however, showed itself in the temptation of manufacturers to combine and suppress competition, and then to maintain the prices so as to take advantage of the excess of the tariff rate over the difference between the cost of production abroad and here.

Note the word "evil" which Mr. Taft uses in speaking of excessive tariff rates. When he wrote that he had not yet realized that the Payne-Aldrich bill was a revision upward, instead of downward.

Now, Mr. Chairman, after 12 years' experience under the Dingley bill, here is the entire Republican administration and the Republican organization solemnly repudiating the theory—the whole theory on which this bill is based—which President Taft and the Republican organization, in 1910, declared to be absolutely unfounded, fraudulent, and false. [Applause.]

EXHIBIT 1

Showing sources of principal duties, 1927

	Imports	Duties	Average ad valorem rate
Cane sugar.....	\$210,677,000	\$130,043,000	61.75
Tobacco and manufactures.....	68,632,000	40,015,000	58.08
Wool manufactures.....	64,112,000	39,099,000	60.89
Cotton manufactures.....	56,518,000	29,920,000	52.94
Wool, unmanufactured.....	52,568,000	25,881,000	49.24
Silk manufactures.....	41,498,000	25,371,000	61.14

Sources of principal duties, 1927—Continued

	Imports	Duties	Average ad valorem rate
Chemicals and related products.....	\$42,238,000	\$14,231,000	33.69
Pottery.....	20,437,000	12,419,000	60.77
Flax, hemp, ramie, and manufactures.....	53,363,000	24,111,000	45.18
Rayon and manufactures.....	17,956,000	10,248,000	57.07
Ferro-alloys.....	15,018,000	9,754,000	64.95
Glass and glass products.....	16,880,000	9,062,000	53.64
Clocks and watches.....	15,104,000	7,444,000	49.28
Leather manufactures.....	15,897,000	7,054,000	44.38
Precious metals manufactures.....	10,141,000	6,473,000	63.82
Perfumery and cosmetics.....	5,135,000	3,255,000	63.39
Toys.....	4,609,000	3,226,000	70.00
Beads, bead ornaments.....	4,151,000	2,220,000	53.48
Cutlery.....	1,461,000	1,572,000	107.60
Pipes and smoker's articles.....	2,152,000	1,290,000	59.94
Fur felt hats.....	2,399,000	1,349,000	56.23
Jewelry.....	2,065,000	1,653,000	80.01
Cellulose products.....	4,089,000	2,499,000	61.13
Almonds.....	6,553,000	2,483,000	-----
Peanuts.....	1,574,000	1,377,000	-----
Linoleum, etc.....	2,656,000	863,000	-----
Scientific instruments, etc.....	3,160,000	1,363,000	43.15
Musical instruments.....	4,859,000	1,979,000	40.75
Brushes.....	1,553,000	699,000	45.00
Pyroxyl, finished and partly finished.....	2,587,000	1,552,000	60.00
Other industrial office and printing machinery.....	15,761,000	5,367,000	34.05
Total duties.....	765,794,000	423,872,000	55.35

Total dutiable imports.....	\$1,484,031,000
	765,794,000
	718,237,000

Approximately 74 per cent of total duties show an average ad valorem rate of 55.35, highest in United States history; highest average Dingley rate, 1899, 52.07; highest average McKinley rate, 1894, 50.02. Evidently from 75 per cent to 80 per cent of total duties bear an average rate of at least 55 per cent.

EXHIBIT 2

Showing rank of United States as importer and exporter

PER CAPITA EXPORT TRADE, 1927

Country:	Per capita exports
Canada.....	\$132.00
Denmark.....	120.60
Australia.....	111.50
Netherlands.....	100.00
Argentina.....	91.30
Belgium.....	89.90
Switzerland.....	89.60
Great Britain.....	88.00
Sweden.....	71.00
France.....	53.10
Czechoslovakia.....	41.40
United States.....	40.40
Germany.....	38.80
Italy.....	19.70
Japan.....	14.60
Spain.....	14.00
Brazil.....	12.00
India.....	3.60
Russia.....	2.70
China.....	1.50

PER CAPITA IMPORT TRADE OF 20 LEADING IMPORTING COUNTRIES, 1927

Country:	Imports per capita
Netherlands.....	\$134.00
Great Britain.....	130.50
Australia.....	129.40
Denmark.....	129.00
Switzerland.....	115.80
Canada.....	115.00
Belgium.....	98.20
Argentina.....	77.50
Sweden.....	70.00
Austria.....	63.90
Germany.....	53.70
France.....	50.80
Czechoslovakia.....	36.90
United States.....	34.80
Italy.....	25.80
Spain.....	18.80
Japan.....	16.70
Brazil.....	10.80
India.....	2.90
China.....	1.90

EXHIBIT 3

The total number of acres planted to all crops in 1928 was 360,000,000. The following commodities and their value on the farm in December, 1928, were planted and grown on the following number of acres. With the exception of some tariff benefits to hard northwestern wheat, mainly incidental to fluctuations, scarcity of crop, etc., the commodities set out below derive either nominal tariff benefits or none at all.

	Acres in cultivation, 1928	Value
Corn.....	100,000,000	\$2,133,000,000
Wheat.....	57,724,000	877,193,000
Oats.....	41,733,000	592,674,000
Barley.....	12,539,000	197,128,000
Rye.....	3,444,000	36,067,000
Buckwheat.....	750,000	11,525,000
Cotton (and seed).....	46,943,000	1,503,000,000
Hay.....	57,775,000	1,243,359,000
Tobacco.....	1,912,000	254,322,000
Total.....	334,347,000	6,848,268,000
Apples, peaches, pears, and grapes.....		322,062,000
Grand total.....		7,170,330,000

The following 19 truck products, a majority of which derive more or less tariff benefits, comprise the following acreage and farm values for 1928:

	Acreage, 1928	Farm value
Asparagus.....	94,930	\$13,928,000
Beans (snap).....	135,060	14,940,000
Cabbage.....	136,850	23,488,000
Cantaloupes.....	100,400	20,261,000
Carrots.....	22,620	4,595,000
Cauliflower.....	20,650	5,509,000
Celery.....	26,400	14,005,000
Corn (sweet).....	289,180	6,896,000
Cucumbers.....	111,740	8,998,000
Egg plant.....	3,890	777,000
Lettuce.....	126,780	31,530,000
Onions.....	77,480	22,574,000
Peas (green).....	267,610	19,848,000
Peppers.....	18,570	4,091,000
Potatoes (early).....	400,720	31,047,000
Spinach.....	63,270	7,653,000
Strawberries.....	202,580	44,440,000
Tomatoes.....	401,850	40,940,000
Watermelons.....	210,450	10,958,000
Total.....	2,710,970	326,457,000
To this we may add—		
Sugar-cane.....	157,000	10,080,000
Sugar beets.....	646,000	50,625,000
Peanuts.....	1,909,000	56,082,000
Total.....	5,422,970	443,144,000

EXHIBIT 4

SHOWING PRODUCTIVITY OF LABOR AND LABOR COSTS IN THE UNITED STATES, ENGLAND, AND GERMANY

Comparison of wage rates alone in the foreign and domestic industry gives little information with respect to actual wage conditions. Such comparison ignores the productivity of the wage earner, the efficiency of management, mechanical equipment, and power employed, etc. Actual wages paid in their relation to the productivity of the wage earner is most important. Workers can not in the long run receive as wage earners more than is produced. If the national production or income is small, wages will be small. The following figures show the estimated wealth and income for the United States, Great Britain, and Germany. These figures show that if the total wealth produced annually were divided on the same basis in each of these countries, that received by the Englishman would be only 57.77 per cent of that received by the American, while the German would receive but 25 per cent of the American's income. The table is as follows:

Estimated wealth and income for certain countries, 1925

Country	Population	Wealth		Income		Percent per capita income of United States per capita income
		Total billions of dollars	Per capita	Total billions of dollars	Per capita	
United States.....	117,135,817	380.0	\$3,244.10	89.6	\$764.92	55.77
Great Britain.....	42,767,530	119.2	2,787.16	18.9	441.92	25.99
Germany.....	59,858,284	59.5	994.01	11.9	198.80	

Statistics show that the distribution of income between capital and labor is about the same in Germany as in the United States, or 5.76 per cent return on corporate capital in Germany for 1926, and 6.67 per cent in the United States. In comparison with the number of inhabitants, Germany's income is only about 26 per cent of that of the United States. The low German wages are, therefore, apparently explained by Germany's comparatively small production of wealth or income in proportion to its population.

In 1925 the value of net production for each dollar paid in wages was \$2.50 in the United States and \$2.14 in England.

	United States	England
Wages paid.....	\$1,280	\$1,513
Value of production added by wage earners.....	3,194	\$1,096

¹ Or 40.08 per cent of United States. ² Or 34.41 per cent of United States.

While wages in the United States are much higher than in European countries, the productivity per worker is so much higher in the United States that the labor cost in this country is much less.

The following quantities were produced for each dollar paid out for labor:

	United States	Great Britain
Bituminous coal.....	0.63 tons	0.33
Soap.....	158.39 pounds	85.59
Cement.....	3 barrels	2.33
Pig iron.....	.81 tons	.41
Paper and paper board.....	.06 short tons	.06
Wall paper.....	.02 do.	.02

Value produced for each dollar thus paid out for labor corresponds with the above.

The following values produced for each dollar paid out for labor:

	United States	England
Bakery products.....	\$2.73	\$2.68
Confectionery.....	3.15	2.70
Cotton spinning and weaving.....	1.80	1.75
Woolen and worsted goods.....	1.72	1.92
Cordage, twine, etc.....	2.32	1.82
Knit goods.....	2.11	1.94
Boots and shoes.....	1.97	1.66

In china and earthen ware the value yielded is practically the same. In most other industries the value produced per dollar of wages is considerably less in Great Britain than in the United States. It is true that values are somewhat different in the two countries.

It thus appears that with respect to what it receives labor is more costly in Great Britain than in the United States.

The annual output, per worker, of coal (1926) in the United States was 876 tons; Germany, Ruhr 296, Saxony 180; Belgium, 142; France, 172; Great Britain, 290; Poland, 296; Czechoslovakia, 253.

Average annual earnings per worker, United States, \$1,382; Germany, \$601 and \$546; Belgium, \$420; France, \$427; Great Britain, \$866; Poland, \$365; Czechoslovakia, \$489.

It is thus seen that the percentage of output per worker of other countries compared with those of the United States is substantially below the percentage of earnings per worker compared with those of the United States. For example, the coal output of the Belgian worker is 16.21 per cent of that of the United States worker, while the Belgian worker is paid 30.39 per cent of the amount paid an American coal miner.

Average wages per metric ton of coal mined: United States (bituminous), \$1,578; German, \$2,031 in Ruhr and \$3.66 in Saxony; Belgium, \$3.41; France, \$3.79; England, \$3.28; Poland, \$1.49; Czechoslovakia, \$2.06.

THIS IS SIGNIFICANT

Value added by manufacture and horsepower per employee: Total, United States, \$26,778,000,000, or for each employee \$2,749; horsepower, 35,772,000; horsepower per employee 3,672.

England, \$8,260,000,000; value added per employee, \$1,085; horsepower, 15,594,000; horsepower per employee, 2,048.

Germany, horsepower, 1,450 per employee.

It is thus seen that the average value added by manufacture by the British wage earner is only about 40 per cent of that of the American wage earner.

The German horsepower per wage earner is 40 per cent of that of the American.

GERMANY

The quantity produced for a dollar of wages is less in Germany than in the United States for coal and petroleum, and about the same for pig iron.

In iron and steel foundries, motor vehicles, petroleum refining, the value produced per labor dollar is about the same in the two countries.

Production of sulphur in Germany per labor dollar is much less than in the United States. The same is true as to graphite and salt. In leather and silk weaving the German production is somewhat higher.

The quantity production of the cement worker is only half that of the United States.

The worker in the paper industry in Germany gets 29.50 per cent of United States wages, but his quantity production is only 28.65 per cent of American production.

In the linen cloth and yarn industry the German gets 35 per cent of American wages, but the value he adds in manufacture is only 33.85 per cent of that added by the American.

The German has some 23 per cent advantage in hemp and cotton production.

In the textile industries German wages are about one-third of American wages, while German productivity per worker is about one-third that of the American.

INCREASE IN PRODUCTIVITY AND WAGES IN THE UNITED STATES

There is a remarkable similarity between productivity, wages, and horsepower. Compared with 1914, and on the 1914 price basis, the figures for 1927 show an increase per worker of 44.6 per cent horsepower, of 44.89 per cent in value of products, and of 47 per cent in wages. About the same relative percentages exist for 1925. These figures clearly show that wages are determined by the productivity of the worker.

These computations are made from the United States Census of Manufactures with price index of the United States Department of Labor.

UNITED STATES EXPORT ADVANTAGES

We have cheap fuel and 60 per cent more horsepower per man, less taxes, and lower interest. On the other hand, we have high cost of materials and freight rates.

UNITED STATES AND ENGLISH WAGES AND PRODUCTION

While the wage earner in England receives on the average but 43.96 per cent of the wages paid in the United States, he produces in quantity only 36.39 per cent of what the American wage earner produces, while the value of the product of the English wage earner is only 38.64 per cent of that of the American wage earner.

This is the average for all industry.

EXHIBIT 5

Productivity and wages, United States and Great Britain

Industry	Value produced for each dollar paid out for labor		Quantity produced for each dollar paid out for labor		
	United States	Great Britain	Unit	United States	Great Britain
Coal, bituminous.....	\$3.42	\$3.31	M ton.....	0.63	0.33
Chemicals.....	4.99	4.62			
Paints and varnish.....	5.04	4.33	Lb.....	158.39	85.59
Soap.....	1.84	1.77			
Brick tile and refractories.....	3.46	2.64	Bbl.....	3.00	2.33
Cement.....	1.65	1.70			
China and earthenware.....	3.26	1.27	Long ton.....	.81	.41
Pig iron.....	2.45	1.75			
Motor vehicles.....	1.61	1.45			
Railway cars.....	2.79	2.39			
Electrical machinery and supplies.....	2.43	2.11			
Tools, saws, files, etc.....	2.21	1.78			
Textile machinery and parts.....	1.84	1.73			
Lumber and timber products.....	2.18	1.75			
Furniture.....	4.35	3.17			
Grain milling.....			Short ton.....	.28	.14
Sugar-cane refining.....	2.75	2.68			
Bakery products.....	3.15	2.70			
Confectionery.....	2.29	2.20	Short ton.....	.06	.06
Paper and paper board.....	2.57	3.41	do.....	.02	.02
Wall paper.....	4.91	5.17			
Printing and publishing.....	1.80	1.75	Cotton used, lb.....	8.66	8.74
Cotton spinning and weaving.....					
Woolen and worsted goods.....	1.72	1.92			
Cordage, twine, jute, etc.....	2.32	1.82			
Knit goods.....	2.11	1.94			
Leather.....	2.33	2.34			
Boots and shoes.....	1.97	1.66	Pair.....	1.43	1.76
Saddlery, harness, trunks, bags, etc.....	2.39	1.84			

¹ Value added by manufacture.

EXHIBIT 6

Productivity and wages, United States and Germany

Industry	Value produced for each dollar paid out for labor		Quantity produced for each dollar paid out for labor		
	United States	Germany	Unit	United States	Germany
Coal.....			M ton.....	0.63	0.49
Petroleum production.....	\$4.13	\$3.44			
Petroleum refining.....	17.96	19.47	Bbl.....	2.08	1.04
Coke.....	8.27	13.17			

¹ Total value of product.

Productivity and wages, United States and Germany—Continued

Industry	Value produced for each dollar paid out for labor		Quantity produced for each dollar paid out for labor		
	United States	Germany	Unit	United States	Germany
Iron ore.....	\$2.64	\$1.95	Gr. ton.....	0.74	0.81
Pig iron.....			Ton.....	.68	.69
Iron and steel foundries.....	12.87	12.89			
Sulphur.....	18.56	12.23			
Graphite.....	11.87	11.73			
Salt.....	13.56	13.15			
Motor vehicles.....	2.10	2.18			
Rubber tires.....	2.39	2.59			
Leather tanneries.....	1.94	2.98			
Silk weaving.....	1.98	3.07			

¹ Total value of product.

² Value added by manufacture.

EXHIBIT 7

HIGH RATES—LARGE EXPORTS—LITTLE OR NO IMPORTS—METAL SCHEDULE

The Fordney Act transferred about 30 articles and classifications from the free to the dutiable list and tremendously increased many or most existing rates. Dutiable imports, iron and steel, semimanufactures from pig iron to tin plate, \$10,237,000 at average rate of 19.29 per cent. The rates are so prohibitive as thus to reduce the ad valorem equivalent. Most rates are from 20 to 35 per cent. Commencing in 1816, this industry has been regularly coming to Congress and requesting additional duties in order that it might be able to stand alone within a few years. Thirty years ago Mr. Carnegie boasted that we could produce steel cheaper than any country in the world. Prior to the war we ranked second as an exporter, but are now a poor fifth. The number of tons of steel exports for 1928 was less than the number in 1914. We are a weaker competitor than before the war. Canada is our chief market and England is gradually encroaching upon us there.

The iron and steel industry is the basis of most all other industries. When we pile up iron and steel tariffs, we must give other industries what in effect are compensatory tariffs. This basic industry, therefore, should carry tariffs as low as reasonably possible. The trade figures and facts show that many existing rates could be removed and others substantially reduced.

Pig iron: Production, \$703,904,000; wage earners, 27,900; wages paid, \$44,258,000; value added by manufacture, \$129,349,000. Total production, 35,858,000 long tons; imports, \$2,232,000, or 140,700 tons at 7.09 per cent. Imports chiefly of foundry, malleable, and low phosphorus grades; about one-half from British India. Exports, 50,992 tons; exports, 1928, 84,682 tons. Competitive territory is on Atlantic seaboard. The chief trouble has been due to the costlier production by the merchant furnace, compared with steel works producing their own pig iron. We have had considerable overproduction, another trouble. This pig iron tariff plea is a pitiable commentary on the iron and steel industry of the world with its unexcelled production plants.

The duty on iron and steel scrap should be repealed.

Manganese ore: Production, 44,741 tons; imports, 300,177 tons at 30.42 per cent. Price per ton, \$31.32 in United States. A much richer ore is supplied from Africa at small cost, while Russia and Brazil are large producers and exporters. The United States has very limited amount of high-grade ore. They must be put through various processes of beneficiation and at much expense. The duty should be removed.

Molybdenum ore or concentrate: Production, 2,286,000 pounds, valued at \$1,158,000, or 81 cents a pound. The imports are only \$10,500 at 42 per cent. This could be cut in half, or more. There is no serious competition.

Tungsten ore and concentrate: Production, 1,353 short tons of 60 per cent concentrates, valued at \$741,000. Imports tungsten content, 1,065 tons, valued at \$540,000, at 180% per cent. China supplies the world, including half of the United States. This duty should be abolished.

Ferromanganese, an alloy of manganese and iron, containing 78 to 82 per cent manganese, production made largely by United States Steel Co., with three producers at present time. Shipments from domestic furnaces, 291,000 tons, valued at \$27,243,000. Imports, 36,200 tons; value, \$3,572,000.

Ferrotungsten: Production, 1,289 tons, at 175 to 193 per cent.

Ferrosilicon ranks second to ferromanganese. Production, 278,000 tons; imports, 10,700,000 pounds, or near 5,000 tons. Materials for manufacture are abundant and cheap in this country for less than 12 per cent silicon.

Chrome metal: Less than 1 per cent of consumption of chromite is made at home. It comes in free. Most of the ferro-alloys should bear a low rate or be admitted free.

Production of wrought iron, 188,000 long tons; imports, 1.9 per cent of production, consisting of bar iron at 20% to 24.8 per cent. The exports are three times the imports. These rates should be removed.

Swedish bar-iron imports are supplemental and come in at a higher price.

Steel ingots: Production, 44,935,000 tons, with steel bars 4,862,000 tons. We produce more than the balance of the world. Imports, ingots, blooms, slabs, billets, bars, etc., under paragraph 304, are \$5,096,000 at 25½ per cent, or about 123,000 tons. Imports, steel ingots, blooms, billets, sheets, plates, etc., not containing alloys, \$603,600 at 24.23 per cent; containing alloys, \$129,000 at 29½ per cent; exports, 7,000 tons at about \$40. There is no pronounced competition in these steel products less advanced than steel bars. There is some competition in special grades of alloy steel. Steel bars, not containing alloys: Imports, \$3,466,000 at 24.56 per cent; exports, 111,000 tons or ten times the imports; United States value, \$48.89; production, \$209,000,000; tons produced, 4,165,000; tons imported, 160,000. The rates could be cut in half or more.

Boiler or other plate iron or steel, except crucible, and saw-plate steel: Production, plate, 3,720,000 tons; skelp, 4,318,000 tons. Total imports less than one-eighth of 1 per cent of production for 1928, at 26.90 per cent; exports, 3¼ per cent of domestic production or near \$9,000,000. Exports of plates, \$7,464,000; of skelp, \$3,951,000. The rates are excessive.

Common or black sheets of iron or steel: Production, black sheet, 3,979,000 tons; skelp, 3,418,000 tons; imports of both, \$513,000 at 23.37 per cent or 12,700 tons.

All iron or steel sheets, plates, bars, rods, hoops, or scroll iron or steel. Galvanized sheets and other products: Production, 2,936,000,000 pounds; imports of sheets, 0.52 per cent of production at 22.27 per cent; exports more than 12 per cent of production or \$15,498,000.

Sheets, plates of iron or steel coated with tin or lead, etc., including tin plates, production of tin andterne plate, 3,748,000,000 pounds; imports, 2,382,000 pounds at \$191,000 at 12.44 per cent; exports, 568,710,000 pounds. We are the largest world producer. The Tariff Commission reports American prices at \$4.58 per base box in England and \$5.45 in the United States, or a difference of 20 per cent. The present tariff rate on tin plate is 30 and 40 per cent on tin products. There is understood to be an international tin-plate agreement under the disguise of the Webb export law. We import our tin mainly from Bolivia and other places. We have no competition from abroad.

Beams, girders, joists, and other structural shapes of iron or steel: Production, 3,742,000 tons, valued at \$122,966,000; imports, \$5,377,000, or 165,000 tons at 16¼ per cent; exports, 291,000 tons. There is trivial competition in certain seaboard districts. This should be on the free list.

Hoop, band, scroll iron, or steel, production 499,000 tons; imports, 20,000 tons valued at \$742,000 at 20¼ per cent; exports, 35,000 tons at \$2,035,000.

Cotton ties, production 42,800 tons at \$2,230,000; imports, 16,000 tons valued at \$638,000.

Wire rods steel and iron, production 2,779,000 tons; imports, 20,000 tons at \$939,000 at 13.67 per cent; exports, 18,000 tons at \$883,000. The imports are high quality of wire rods for special uses and at a much higher price than domestic products.

Round iron or steel wire, production near 3,000,000 tons in 1925; imports, \$2,178,000 at 25 to 28 per cent; exports, \$2,800,000. The imports do not compete with the major domestic products, but only with special qualities for certain uses.

Copper wire, production 1925, \$85,507,000; imports, \$2,367 at 25 per cent; this duty should be removed.

Brass, production in 1925, \$12,227,000; imports of brass wire, \$1,084 at 25 per cent. Exports copper rods, wire, etc., and brass and bronze wire, 92,000,000 pounds.

Insulated wire and cable, production 1925, was \$210,617,000; imports, \$17,940 at 35 per cent. Duty should be removed. Exports, \$5,166,000. The only imports are for special uses and qualities.

Wire strand and rope, production 1925 was \$46,684,000; imports, \$345,000 at 35 per cent; exports, \$1,341,000. This should be on the free list.

Galvanized wire, n. s. p. f., including wire fencing, production, 1925, was \$27,576,000; imports fencing wire and wire fencing, \$59,541 at 14 per cent; imports baling wire, \$7,478 at 21.68 per cent; exports, \$606,000. This should be on the free list.

The imports of woven wire cloth at 25 to 35 per cent are nominal and should be free listed. The imports are of the finer cloth alone.

Forgings and anchors not made in steel works or rolling mills, production 1925, was \$134,510,000; imports with no alloy steel, \$75,500 at 25 per cent, containing alloy, \$9,180 at 33 per cent; imports of anchors alone, \$30.9 at 25 per cent; exports of forgings, \$827,000.

Electric storage batteries, parts, etc., are 40 per cent ad valorem; production of storage batteries and parts, 1925, was \$110,000,000; imports, \$12,208 at 40 per cent; exports, \$3,673,000.

Ball and roller bearings, production 1925 was \$100,000,000; imports, \$861,000 at 56.62 per cent; exports, \$1,800,000. We have mass production.

Steel rails, production, 3,685,000 tons; imports, 34,400 tons at 1¼ per cent, at 8¼ per cent. The imports are heavy railroad rails. Exports, 177,593 tons at about \$43. A little seaboard competition. They should be on the free list.

Axles and axle blanks, production, \$11,500,000; imports, \$18,318 at 22.63 per cent.

Railway wheels, parts, etc., production, 147,700 tons; imports, 1,000 tons at \$84,460 at 24.65 per cent; exports, 18,661 tons.

Blacksmiths' hammers, tongs, crowbars, etc., imports, \$2,106 at 11.36 per cent.

Cast-iron pipe, andirons, plates, etc., production of pipe and fittings, 1,970,000 tons; imports, 68,000 tons at \$1,799,000 at 20 per cent; exports, 42,600 tons. The only competition is on the seaboard.

Tubes, pipes, and tanks, production, 1926, 4,177,000 tons; value wrought pipe, 1925, \$359,000,000; imports, 1.05 per cent of production or \$4,936,000 at 20.31 per cent; exports, \$26,384,000.

Chain and chains of all kinds, production, \$24,405,000; imports, \$242,000 at 47¼ per cent; exports, \$2,512,000. The imports are very small specialties.

Nuts, washers, and bolts, production, 1925, \$100,182,000; imports, \$40,828 at 13.64 per cent; exports, \$2,457,000.

Cut nails and spikes, production, 702,000 kegs or 70,283,000 pounds; imports \$46,800 or 2,000,000 pounds at 17.19 per cent; exports, 2,571,000 pounds at \$103,000. The cost of the material is 20 per cent higher here than abroad. The manufacture is by machine.

Horseshoe nails, production, 16,000,000 pounds; imports, 236,000 pounds; at \$37,000 at 9¼ per cent; exports, 2,415,000 pounds, at \$267,000.

Wire nails and spikes, production, 1,438,000,000 pounds; imports, 9,998,000 pounds; at \$237,000 at 17.11 per cent; exports, 22,379,000 pounds, at \$762,000; production value, \$55,000,000.

Tacks, brads, and staples, production in 1925, \$2,661,000; imports, tacks and brads, \$4,367 at 15 per cent; of wire staples, \$9,900 at 14¼ per cent; wire nails, etc., \$7,131 at 18 per cent; exports, \$286,000.

Horse, mule, and ox shoes, production, 1925, \$5,326,000; imports, \$1,754 at 3¼ per cent; exports, \$90,700.

Table, household, kitchen, and hospital utensils, production, \$18,000,000; imports, \$230,600 at 49.7 per cent; this relates to enamel ware. Imports, bathtubs, etc., \$7,105 at 48½ per cent. Total exports this paragraph, \$402,000.

Aluminum utensils, production, 1927, \$28,000,000; imports, \$72,100 at 76 per cent; exports, \$565,400.

Tinware, including that covered with copper, brass, and other metals, etc., production, \$35,000,000; imports, n. s. p. f., at 40 to 60 per cent are nominal.

Crosscut and circular saws, etc., 20 per cent; production, \$22,620,000; imports, \$59,000; exports, \$1,996,000. There is no competition.

Steel plates for printing, lithographing, etc., production, \$221,709,000; imports, about \$111,000 at 25 per cent. This, like many others, should be on the free list.

Umbrella hardware, production, near \$1,500,000; imports, \$212,000 at 50 per cent; substantial exports.

Needles, production, \$4,096,000; imports, \$258,000 at 56 per cent.

Saddlery and harness hardware, production, 1925, \$6,618,000; imports, \$35,500 at 35 per cent; exports, \$214,500. There are no imports with any price competition—import prices are higher than domestic. Our exports are near six times imports. The duty could be repealed.

Fountain pens, production, \$17,334,000; imports, \$4,322 at 87.12 per cent; exports, \$1,482,000. Imports are a very cheap and worthless quality and amount to nothing. Tariff should be remitted.

Knives: Pocket knives, production, \$5,177,000; imports, pocket, pruning, and other knives with folding blades, etc., \$234,500 at 112.54 per cent; corn knives and others and parts, imports, \$76,600 at 60 per cent.

Table, kitchen, and all other sorts of knives and forks, production, table cutlery, \$6,487,000; imports, table, kitchen, and butchers' cutlery, \$166,600 at 66¼ per cent; imports, butchers' and other knives, \$15,000 at 65 per cent; exports, table and kitchen cutlery, \$611,000. These rates are grossly excessive.

Nail, barbers', and animal clippers, scissors, shears, etc., production, \$4,613,000; imports, scissors, shears, etc., \$249,000 at 75 to 110 per cent; imports, nail, barbers', and other clippers, \$15,500 at 93¼ per cent; total exports, \$152,600. These rates are largely excessive.

Safety razors, etc., production of razors, \$40,015,000; safety razor blades, \$38,413,000; imports, \$446,000 at 158.86 per cent; imports, safety razor blades, \$285,800 at 175¼ per cent; exports, safety razor blades, \$7,020,000, and \$9,862,000 for 1928; exports, safety razors, \$732,700. Virtually the only imports are a blade from England containing cobalt.

Surgical instruments and parts, imports, \$414,600 at 45 per cent; exports, \$335,500. There is but slight competition in these surgical instruments of the soft-metal class. In fact, we are on an export basis.

Philosophical and scientific instruments, etc., of metal, 40 per cent; production, about \$10,000,000; imports, \$900. This does not include drawing, surveying, and other scientific instruments specially enumerated. Total exports, \$3,129,000. We are on an exporting basis as to surveying instruments, electrical instruments, etc. There are a number of imports that are not produced in this country. The tariff should be removed from them and largely from the first class above.

Files, rasps, etc., production, \$12,346,000; imports, \$27,000 at 34.6 per cent; exports, \$2,804,000.

Guns, imports, from \$600 to \$8,000 at 25 per cent. Double barrel, breech loading, and repeating guns, rifles, etc., production, \$12,559,000; imports, \$434,009 at 70½ per cent; exports, \$1,233,000.

Watches and chronometers, production, \$46,677,000; imports, about 20 per cent of production, mainly from Switzerland; exports, about 3½ per cent of production or \$1,678,000. Some imports are very small and expensive watches and not competitive. Labor cost is supposed to be about 90 per cent.

Clocks, etc., production, \$33,913,000; imports, \$1,680,000, mainly at 71½ per cent; exports, 7.69 per cent of production or \$1,542,000. This duty is too high.

Taximeters, production in 1925, \$1,000,000; imports, \$3,860 at 33 per cent; duty based on American selling price. The rate is prohibitive. Previous German importers moved their factory to the United States.

Automobiles, bodies, and parts, production, \$2,537,000,000; imports, less than one-tenth of 1 per cent or \$1,395,000 at 30.64 per cent; exports, 1928, \$500,174,000. We made 90 per cent of all automobiles. There is no competition. The duty should be repealed.

Motor cycles, production, \$11,384,000; imports, \$14,097; duty, 30.35 per cent; exports, \$4,373,000. The tariff should be repealed.

Airplanes, etc., production, \$14,250,000; imports, aircraft, \$158,300 at 30 per cent; exports, 1928, \$4,664,000. The tariff should be cut to 10 per cent or out.

Bicycles, production, \$7,457,000; imports, \$35,900 at 30 per cent; exports, \$129,000.

Steam engines, production, 1925, \$24,400,000; imports, \$164,700 at 15 per cent; exports, \$5,134,000.

Locomotives, production, 1925, \$50,300,000; imports, 1928, \$4,254 at 15 per cent; exports, \$5,326,000.

Sewing machines, production, \$45,221,000; imports, \$527,000 at 15 and 30 per cent; exports, \$10,679,000.

Cash registers, production, \$42,326,000; imports, \$2,858 at 25 per cent; exports, \$7,415,000. No imports even when on the free list.

Printing presses, production, \$36,000,000; imports, \$139,500 at 30 per cent; exports, \$6,251,000. Our printing presses superior in construction to all others. No real competition.

Lawn mowers, production in 1925, \$8,000,000; imports, \$8 at 30 per cent; exports, \$726,000.

Machine tools, production, 1925, \$91,450,000; imports, \$427,000 at 30 per cent; exports, 1928, \$31,761,000. We export 25 per cent of production everywhere. Imports, one-half of 1 per cent.

Textile machinery, production, \$101,000,000; imports, \$6,179,000; rate, 37¾ per cent. We make no hand-made machines nor Shiffli. These are two of the three kinds of textile machines in use. These statistics include lace and embroidery machines. Embroidery machines are large, complicated, and expensive, while our domestic demand due to change of style is subject to great variations. The result is that we do not produce these machines.

Lace and lace-curtain machines: We produce no large lace machines. Imports embroidery and lace machines, \$78,000 at 30 per cent. This should be repealed. Imports lace-curtain machines, \$89,800 at 30 per cent. All these are imported.

Knitting-machinery production, \$14,266,000; imports, \$3,427,000, at 40 per cent. We are without competition as to circular knitting machines. This duty should be repealed. We do not produce the flat machines for knitting products other than hosiery; imports, \$356,000, at 40 per cent. Imports, hosiery machines, \$3,642,000, at 40 per cent. We undersell Germany as to the more widely used machines. Germany excels as to finer-gage weaves, novelties, and fancy effects. This is where the imports arise. The tariff could be cut in half as to the bulk.

Wool carding and spinning machines, production about \$5,000,000; imports, \$454,000, at 35 per cent; exports, \$268,000. There is very little competition, or none at all in some instances.

Cotton-yarn machinery, imports \$401,000, at 35 per cent; exports, \$1,569,000. Our quality equals that of England and no material difference in cost.

Silk-yarn machinery, imports \$191,000, at 35 per cent; exports, \$354,000. The tariff could be cut in half.

Looms and finishing machinery, production \$11,469,000; imports, nominal; exports, \$500,000. We use a different type from Europe and this eliminates competition as to cotton looms. Our wool and silk looms are considered superior to foreign. Certain looms, such as velvet ribbon, are not made here.

Linen machinery, no domestic production of linen or jute machinery of any consequence. It comes from Scotland, England, and elsewhere at a rate of 35 per cent. There is no linen weaving in the United States.

Cream separators, production \$8,098,000; imports, \$746,000, at 25 per cent, for those valued at over \$50, where the imports are \$136,000; exports, \$429,000.

Adding and calculating machines, production \$51,289,000; exports, 1928, \$12,476,000.

Addressing and mailing machines, production \$12,918,000; exports, \$569,000 in 1928. These machines carry 25 per cent.

The total production of miscellaneous machinery, paragraph 372, including a long list, for 1925, was \$1,438,000,000; exports in 1928, \$250,496,000. The rate generally is 30 per cent. The imports do not exceed \$10,500,000. All this should be free listed.

The imports of electrical machinery are \$1,584,000 at 30 per cent; exports, \$88,958,000; production, \$369,879,000. This includes apparatus also.

Internal-combustion engines, production, 1923, \$117,893,000; imports, \$75,800, at 30 per cent; exports, \$10,324,000. This duty should be abolished.

Shovels, spades, scoops, corn knives, etc., production, 1923, \$15,841,000; imports, 1927, \$10,000, at 30 per cent; exports, \$416,000.

Aluminum, production, \$52,736,000; balance of world production, 155,000 tons, compared with United States, 76,000 tons. The imports are chiefly from our subsidiary in Canada, amounting in 1928 to \$8,046,000, at 24.12 per cent. Imports, plates, bars, rods, etc., \$79,183, at 37.24 per cent. Imports, circles, squares, etc., 1928, was \$193, at 16½ per cent. The exports are around \$6,000,000. Price of aluminum ingots has gone from 20 cents a pound in 1922 to 24 cents in 1928.

Magnesium, production, \$441,700; imports, \$400, at 61 per cent.

Antimony, production, 14,396 tons; imports near 10,000 tons of primary and nominal amount of advanced. We produce no antimony from ores but about 40 per cent of domestic requirements from dross and scrap and import the balance.

The duty on copper products, including brass and bronze, is prohibitive, since we are in a dominating position.

Dynamite and other explosives, production in 1925, \$36,000,000; imports, \$458, at 6½ per cent; exports, \$1,808,000.

Types, production, \$2,683,000; imports, \$72,800, at 20 per cent; exports, \$381,000, or 14 per cent of production. There is no competition.

Duty on nickel oxide should be repealed.

Bottle caps of metal, etc., production, none; duty, 30 to 45 per cent; imports, \$165,000.

Mr. HAWLEY. Mr. Chairman, I yield 30 minutes to the gentleman from New Jersey [Mr. BACHARACH].

The CHAIRMAN. The gentleman from New Jersey is recognized for 30 minutes.

Mr. BACHARACH. Mr. Chairman and members of the committee, I want first to call attention to a statement made by my colleague [Mr. HULL of Tennessee] in which he stated that the ad valorem rates in the last bill were 55.003 per cent. The fact is that the average rates in the present bill are 38 per cent, and agriculture gets 42 per cent; and the metal schedule, which I propose to discuss this afternoon, gets less than 35 per cent. I do not believe the minority members of the Committee on Ways and Means themselves believe that we were dominated by big business in the preparation of this particular schedule. If they will listen carefully they will find out how the rates were made and how they were arrived at, and then, I think, they will be satisfied. If anything at all, the manufacturing industries did not receive what they should have received in the preparation of this measure.

In so far as this particular schedule is concerned, we tried to follow the "Garner" yardstick; that is, that the imports had to amount to more than 5 per cent, and I think in every schedule the amounts have ranged from 10 to 75 per cent.

I propose to discuss briefly only the items which I consider the high spots in the bill. A more complete explanation will follow. The first one is 301, the pig-iron schedule, in which there was no increase of rates, but we did carry it along on the same basis as the President had announced in his proclamation.

Mr. SUMNERS of Texas. Will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. SUMNERS of Texas. As a matter of fact, in this schedule you did not increase the rate 50 per cent, but you have written into the schedule the rate which the President made and you have given the President the power to boost it again.

Mr. BACHARACH. We left it at that figure, and I can explain it. The imports on pig iron, used for commercial purposes, are about 4.3 per cent. The production in this country amounts to about 36,000,000 tons, of which 9,000,000 tons—I am using approximate figures without referring to the papers—come into competition with American production. The imports amounted to 4.3 per cent, and as the President had given them a 50 per cent rate we considered they were entitled to it and gave it to them in that schedule.

The next is paragraph 304, and in that the imports of hollow drill steel amount to about 50 per cent. For that reason in this particular schedule we gave them a slight increase on the one item. We increased the rate from 1.7 cents per pound to 3 cents. The importations there come from Sweden.

Mr. SUMNERS of Texas. Will the gentleman yield again?

Mr. BACHARACH. Certainly.

Mr. SUMNERS of Texas. I want to get this clear. Did you not, as a matter of fact, increase the schedule on pig iron 50 per cent in this bill?

Mr. BACHARACH. No, sir.

Mr. SUMNERS of Texas. Above what you had provided in the previous bill?

Mr. BACHARACH. That statement is correct, and in the meantime the President, by reason of his proclamation, after a full investigation by the Tariff Commission, had raised the rate to the present rate, which we have left in the bill.

Mr. SUMNERS of Texas. I wanted to get clear what the committee did. Is it not true that the committee did increase the rate on pig iron 50 per cent?

Mr. BACHARACH. No, sir; they allowed the rate on pig iron to stand.

Mr. SUMNERS of Texas. Just another question. The rate on pig iron is not the rate which the previous Congress enacted?

Mr. BACHARACH. No, it is not; because under the flexible provision of the act of 1922 the President raised it 50 per cent of the original rate.

Mr. REED of New York. It is the rate made possible by that.

Mr. BACHARACH. Certainly; it is exactly the same rate as at present in force.

Mr. FREAR. Based on the report of the Tariff Commission?

Mr. BACHARACH. Yes.

Mr. SUMNERS of Texas. Just one other question. Did you not also preserve in this bill the power of the President to raise this rate another 50 per cent?

Mr. BACHARACH. Yes; he can raise it another 50 per cent, and I hope that if the industry needs it the President will take advantage of that. Now, as to steel bars: The imports which come into this country in competition with the American industry are landed f. o. b. at dock, Philadelphia, at \$41.01 per long ton, while the price of American steel bars, delivered in Philadelphia, is \$50.40. So there is quite a little difference, as you can observe. These figures are given to us by the Tariff Commission, who aided the committee in procuring them. They have been working for some little time gathering this information and the rates are based on that information, after careful investigation by the committee.

The next paragraph I want to discuss is paragraph 327, which is cast-iron pipe. As you know, the cast-iron pipe industry in this country has been affected by a great deal of importations coming from France. In our examination we found that cast-iron pipe coming into this country at the present time was coming in at from 8 to 10 per cent of the total consumption in this country. For that reason we increased that rate from 20 per cent ad valorem to 30 per cent ad valorem. The price of the French pipe, landed in New York during the year 1928, up until November 30, was \$33.93, as against American pipe landed in New York at a price of \$37.11.

The next paragraph I will take up is 342. I am taking these up because I think they are the important ones in the schedules and the ones in which changes have been made. That paragraph takes in umbrella hardware. The industry is small, and while there is only a couple of million dollars' worth produced in this country there are substantial importations and underselling and we decided to give them a small increase.

The next one is in reference to pens; that is, pens used for writing.

Mr. GARBER of Oklahoma. What is the number of the paragraph?

Mr. BACHARACH. The paragraph is No. 351.

We increased the rate for the reason that it was shown that the competition in this country had increased quite a great deal. They undersell the American market by many cents per gross.

Mr. STAFFORD. Will the gentleman yield on that particular?

Mr. BACHARACH. Yes; I yield to the gentleman.

Mr. STAFFORD. What lines of steel pens are imported from abroad? I thought Esterbrook and Spencerian pens virtually had a monopoly on the local market by reason of the diminished trade on account of the increase in the use of fountain pens.

Mr. BACHARACH. The Esterbrook people are importing the entire line.

Mr. STAFFORD. I thought they were manufactured in Camden.

Mr. BACHARACH. Both the Spencerian and the Esterbrook plants, I think, are in Camden, but one of them imports and imports to themselves and therefore it was very difficult for us to get accurate information. Instead of doing like they would do in ordinary competition, where they would sell to somebody in this country, they can charge the pens to themselves at a higher price, and this was the interesting part of the evidence that was produced at the hearings.

The next paragraph is electrical machinery, which is a new paragraph.

There was some discussion the other day by the gentleman from Oklahoma [Mr. McKEOWN] with reference to the rates on electrical machinery. As a matter of fact, all that we have done in this particular paragraph is to put electrical machinery in a separate paragraph at practically the present rates. Under the present law some electrical machinery comes in at 30 per cent by reason of customs rulings, and some at 40 per cent. We made a new paragraph of the entire thing and made the rate 40 per cent.

Next is paragraph 358 with respect to razor blades, which, I think, was pretty generally discussed here the other day.

This [indicating] is the steel that comes in and on which we have reduced the rate.

They were assessed as razor blades rather than as strip steel, and in this way were brought in at a much higher rate.

Mr. COLLIER. Will the gentleman yield?

Mr. BACHARACH. I yield to the gentleman.

Mr. COLLIER. The gentleman has referred to the rate on razor blades having been reduced, four to five times during the debate; was that the only article in the steel schedule that was reduced?

Mr. BACHARACH. No, indeed.

Mr. COLLIER. On what other articles did you reduce the rate?

Mr. BACHARACH. On quite a few, and there are some that are not changed. I will answer the gentleman in this way: Out of the 99 paragraphs in this particular metal schedule, 32 of them were changed, 29 upward and 3 downward. Three different schedules were reduced.

Mr. COLLIER. I want to ask the gentleman this question, in view of the fact that the press stated some time ago that the farming gentleman from New Jersey [Mr. FORT] had written the farm bill, although he did not have a farmer in his entire constituency, whether the gentleman from Atlantic City, who is very much interested in the farmers, is the one who took garden and field hoes, rakes, and pitchforks that heretofore have been on the free list for a dozen years or more, and put a tariff of 30 per cent on them, and was this done in the interest of farm legislation or in accordance with the ideas of the gentleman from New Jersey with respect to farm relief?

Mr. BACHARACH. Does the gentleman suppose that these rakes and hoes are used only by the farmers? We use them quite a little in the cities, and I want to tell the gentleman from Mississippi that probably I represent a larger agricultural district than the gentleman himself. We produce and sell in my district over \$25,000,000 worth of farm products. [Applause.]

The next paragraph is No. 359, relating to surgical instruments. This takes in surgical and dental instruments.

Mr. LINTHICUM. Will the gentleman yield there?

Mr. BACHARACH. I yield.

Mr. LINTHICUM. What was the gentleman's idea in raising the duty on surgical instruments which are used in the 6,000 hospitals of this country?

Mr. BACHARACH. I will tell the gentleman.

Mr. LINTHICUM. I do not find anything in the report about that.

Mr. BACHARACH. There is a lot about it in the hearings.

Mr. LINTHICUM. I am referring to the report.

Mr. BACHARACH. It has been so long since that was written that I do not recall about it, but I will say to the gentleman that this is an industry that was in part created by reason of the necessities of the World War. Up to that time we were importing practically all our surgical instruments from Germany. Of course, by reason of the war the people of this country had to get busy. They did get busy and they established an industry that now supplies only a small part of the domestic consumption. The evidence all tends to show that Germany undersells us over 50 per cent on the average.

Mr. LINTHICUM. Does not the gentleman think it is just as necessary for the hospitals to get along as it is for this small industry that the gentleman speaks of to get along?

Mr. BACHARACH. This is not a small industry. It is a key industry, absolutely necessary to our national defense. Any key industry that is necessary for the protection of American lives I do not consider a small industry, and if we allow this industry to fall down now, no one knows when we would ever be able to reestablish it. [Applause.]

Mr. COLLIER. I would like to ask my colleague another question for information, and I want to say for the benefit of the Members on this side that I believe the gentleman from New Jersey gave as fair consideration to this matter as any member of the committee, because he is one of the members that never

has been tariff mad like some of them have been. I would like to ask the gentleman if this 70 per cent and 60 per cent in section 359 refers to surgical instruments that are made out of soft metal, because the gentleman will recall the statement that we were exporting over four times as many of those surgical instruments as we were bringing into the United States.

Mr. BACHARACH. The exports of surgical and medical instruments are grouped together. There is competition in the soft-metal surgical instruments, but in the hard-metal class there is sharp competition, and let me say to you gentlemen that there are about 10,000 different kinds of surgical instruments used in this country, and our manufacturers can manufacture any of them just as well as they can be manufactured in any country. The gentleman, I know, was present at the hearings and I know he heard the witnesses testify; and if there was ever a case made out, it was certainly made out by the people who are engaged in this particular industry.

Mr. COLLIER. Now, may I ask the gentleman another question? Did not the witnesses testify that we were sending out of this country every year over four times as many of these surgical instruments as we were bringing into this country, and this being the case, what becomes of the patriotic statement that we are liable not to have a knife with which to operate upon the wounded in case of war?

Mr. BACHARACH. Here is the information furnished by the Tariff Commission: They imported into this country in 1928 a half million dollars' worth of this particular kind and they exported about the same amount, but the exports included medical instruments. The gentleman will find that on page 769 of the hearings.

Mr. COLLIER. That was surgical instruments manufactured of soft material.

Mr. LINTHICUM. What is the extent of the industry?

Mr. BACHARACH. About \$2,000,000.

Mr. LINTHICUM. And you raised the duty 35 per cent and put that charge on the hospitals of the country for a \$2,000,000 industry?

Mr. BACHARACH. How often does the gentleman think that hospitals have to buy surgical instruments?

Mr. LINTHICUM. Well, they buy a good many.

Mr. BACHARACH. I believe that the American citizens are well able and perfectly willing to foster this particular industry.

Mr. COLLIER. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. COLLIER. The gentleman has read something in which he stated that about as many surgical instruments came in as were exported. My recollection is based on those hearings in which we were permitted to participate, and I understood the witness to say that there were four times as many.

Mr. BACHARACH. Let me say to the gentleman that he heard all of the evidence regarding this particular paragraph. I was satisfied that my friend from Mississippi was going to support the bill.

The next paragraph is 361—pliers. There is a certain kind which is manufactured abroad which comes in competition with those manufactured here. There are two different kinds of pliers. The evidence shows that imports are coming in of the cheaper pliers. For that reason we did increase the rate because the industry in this country was falling behind, and we were satisfied from the evidence presented that they were entitled to the increase that we gave them.

Mr. COLLIER. I want to ask the gentleman another question.

Mr. BACHARACH. I yield.

Mr. COLLIER. As to these cheap pliers, the kind that sold for less than 25 cents, you not only put 60 per cent ad valorem but in addition you put on a specific duty of 20 cents. So the plier that would sell for less than 25 cents with a 60 per cent ad valorem and a 20-cent specific duty would make the pliers cost 60 cents. I want to ask if that would equalize the difference in cost of production between here and over yonder?

Mr. BACHARACH. I will give you some facts that, perhaps, the gentleman has forgotten.

Mr. GARNER. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. GARNER. As I understand the gentleman, you transferred from the basket clause all items you could find where the testimony justified a specific or ad valorem duty?

Mr. BACHARACH. I would not say that we have done that, but we tried to do it.

Mr. GARNER. And after you got through, how came you to increase the rate from the basket clause?

Mr. BACHARACH. If the gentleman will have patience, I will get to that in the next paragraph.

Mr. REED of New York. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. REED of New York. Is it not a fact that the pliers which came in from abroad were made to imitate an American product and when sold to the people of this country who thought they were buying the American production they found that they were soft and would break, and that they flooded our manufacturers with letters of complaints as to the quality of the pliers?

Mr. BACHARACH. That is absolutely true. Now, the next paragraph is 366, regarding pistols. One reason we raised the duty on pistols was to prevent cheap pistols from coming into this country. The evidence before us was that the cheap pistols being sent here were practically of no value and were dangerous to the people who used them.

Mr. REED of New York. They are an absolute fraud on the purchasers, are they not?

Mr. BACHARACH. Yes; and that is one explanation that I give for that. It was not because of any serious importations.

Mr. COLLIER. And was there not a tariff embargo declared against pistols also by the President—Spanish pistols?

Mr. BACHARACH. I do not know. I do not recall it. And next I come to discuss paragraph 367, which is the watch schedule, and I think perhaps I had better discuss the watch and the clock schedules together, as they certainly are akin. This is what has occurred in the watch industry particularly.

Watch movements were imported into this country, and I am just using now approximate figures, to the extent of approximately 4,000,000 movements during the last year, mostly jeweled watches; and production of jeweled watches in this country was only about 2,000,000. The importations last year were about \$15,000,000 and the exports amounted to comparatively a small sum, and that mostly in the very cheap watches, and not in the full-jeweled watch. We have changed the phraseology, and increased the rates for the reason that this industry needs additional protection. We changed the entire paragraph for that particular reason. At the present time there is a great deal of fraud. They send in a part of a watch. The watch may have three adjustments on it, or it may not have any. We have compelled them to mark the number of adjustments on the back of the movement, and if they mark it with three adjustments, they have to pay for each adjustment, as marked. So far as the clock schedule is concerned, a number of watch movements were brought in and used for automobile clocks, made up, and brought in at the lowest rate. Since the last act was passed, I think constantly the customs officials have had something to do with clocks and watches in respect to giving new rulings on them. As a matter of fact they would send the case by one boat, and the movement by another, sometimes with jewels and sometimes without. I think the watch and clock industry is one of the industries badly in need of additional protection. Plus this additional fact, that, of course, the foreign manufacturers, particularly of watches, would send over any kind of a watch and, once sold, the purchaser would not have any redress after buying an unsatisfactory watch. It so happened as a matter of fact that two members of our committee had purchased foreign watches, and they were glad to vote for an additional duty because of the fact that they had had personal experience with unsatisfactory watches. I think that is entirely warranted.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. SUMNERS of Texas. Has the policy of protecting the American people against inferior articles also entered generally into the making of the tariff?

Mr. BACHARACH. It would, so far as I am concerned.

Mr. SUMNERS of Texas. I say, has it? I ask the question seriously.

Mr. BACHARACH. And I am answering the question seriously. As far as I am concerned that is true, and I think it is true of the members of this committee, where they thought something was being imported into this country for the deliberate purpose of just selling it, it not having any real value at all. I believe the committee felt justified in putting a rate on that.

Mr. GARNER. I am glad my colleague has asked that question and that the gentleman has answered it in the way he has. If I understand it, then the idea in this bill is not only to protect the commercial interests but to protect the intellect of the American people against being defrauded by the foreigner.

Mr. BACHARACH. I would not go so far as to say how the committee feels about it.

Mr. GARNER. The gentleman feels that the American intellect ought to be protected through the customs agents.

Mr. BACHARACH. Yes; I think the American people should be so protected and I think the gentleman from Texas feels the same way about it. Paragraph 370 has to do with air-

planes and motor boats. Two or three years ago when we had up one of our revenue bills, you will recall that we put in a definition of motor boats. That definition is transferred here, because it applies only to the tariff act of 1922.

The next schedule is the one that the gentleman from Texas [Mr. GARNER] inquired about, and that is the basket clause. We took out of the basket clause certain tools where we could find them and describe them. As a matter of fact the basket clause 398 in the present bill—

Mr. WHITTINGTON. Mr. Chairman, before the gentleman gets to that paragraph will he yield?

Mr. BACHARACH. Certainly.

Mr. WHITTINGTON. For the first time there is a duty on some agricultural implements, forks, hoes, and rakes, in paragraph 373.

Mr. BACHARACH. A few moments ago I answered the gentleman from Mississippi [Mr. COLLIER] as to that.

Mr. WHITTINGTON. I was here and heard the answer the gentleman gave, but he merely told the gentleman that they had put 30 per cent ad valorem on them and gave no reason for doing so. Those are extensively used agricultural implements and a duty is put on them for the first time.

Mr. BACHARACH. I do not believe that rakes and hoes are used only by farmers. Certainly they did need additional protection.

Mr. WHITTINGTON. I am asking the gentleman about hoes and rakes that are used through the Cotton Belt, and I assume they are used extensively in the corn area, and also rakes in the hay area.

Mr. BACHARACH. We use them in New Jersey, and I thought they were entitled to have the protection of 30 per cent.

Mr. WHITTINGTON. And that is the reason that protection was put on?

Mr. BACHARACH. As far as I am personally concerned; yes. In this paragraph 398 there are thousands of items; I do not know how many. I think there are over 1,500 which have been tabulated by the Tariff Commission, and I have a list here of certain things which the testimony indicated need additional protection.

Commodity	Page of hearing	Existing rate of duty (per cent)	Requested rate of duty (per cent)
Electrical devices.....	2071	140	40 (new paragraph).
Foundry machinery.....	2469	230	
Small tools (carbon steel).....	2572	40	60
Bells.....	2576	40	70-100.
Curling irons.....	2577	40	Increase.
Door checks.....	2579	40	\$1 each and 25 per cent.
Metal-folding rules.....	2582	40	7 cents per foot and 30 per cent.
Gimlets, gimlet bits, and countersinks.....	2583	40	70.
Hammers.....	2585	40	10 cents each and 60 per cent.
Hand tools.....	2587	40	Increased compound rates.
Hand-woodworking planes.....	2593	40	15 cents per pound and 30 per cent.
Hinges and butt hinges.....	2603	40	Increased compound rates.
Lighting equipment.....	2617	40	60.
Luggage hardware.....	2632	40	Increased compound rates.
Manufactures of platinum, gold, or silver, n. s. p. f.....	2639	60	80.
Molder's patterns.....	2639	40	100.
Perfume atomizers.....	2641	40	60.
Pipe tools.....	2642	40	Increased compound rates.
Pipe and chain wrenches.....	2645	40	Do.
Pocket pencil sharpeners.....	2648	40	Do.
Precision tools.....	2651	40	160.
Screw drivers.....	2654	40	Increased compound rates.
Sewing thimbles.....	2657	40	Increase.
Shuttle tips.....	2657	40	60.
Silver-plated hollow ware.....	2657	30	60.
Vises.....	2663	40	Increase.
Wire netting.....	2668	40	Do.
Wood chisels.....	2671	40	Increased compound rates.
Wrenches.....	2672	40	Do.

¹ Par. 399.

² Par. 372.

³ Par. 339.

The rate was raised from 40 to 50 per cent in one of the brackets and from 60 to 65 in the other. It was shown, however, that on many items a rate of 100 per cent would be meaningless, because the rate was already adequate. There was no use for us to take this paragraph 399 and subdivide it entirely. We did take out some things that needed to be taken out, like electric-lighting fixtures and certain hand tools, and gave them exactly the same rate.

Mr. GARNER. As I understand it, one of the reasons why the gentleman did not undertake to take out of the basket clause certain articles that appeared there which needed addi-

tional protection was because to do so they would have to put on 100 per cent, and he was ashamed to do that?

Mr. BACHARACH. No; I was not ashamed.

Mr. GARNER. But the gentleman's colleagues did not have the same conscience that the gentleman did?

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. HAWLEY. Mr. Chairman, I yield to the gentleman 10 minutes additional.

The CHAIRMAN. The gentleman from New Jersey is recognized for 10 minutes more.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. STAFFORD. Does the question of scrap material come under the purview of the gentleman's subcommittee?

Mr. BACHARACH. It does.

Mr. STAFFORD. Will you kindly inform the committee why the duty on scrap iron and scrap steel was raised?

Mr. BACHARACH. It is because of the compensatory duty. This is a compensatory duty, and it was required to allow for the duty on tungsten and other metals mentioned in the paragraph.

Mr. STAFFORD. How do the importations of scrap in this country appear in comparison with—

Mr. BACHARACH. Let me finish this.

In 397 are included drills, including breast drills, reamers, taps, dies, bits, gimlets, gimlet-bits, countersinks, planes, chisels, gouges, and other cutting tools; pipe tools, wrenches, spanners, screw drivers, bit braces, vises, and hammers; calipers, rules, and micrometers; all the foregoing, if hand tools not provided for in paragraph 352, and parts thereof, wholly or in chief value of metal, not specially provided for, 50 per cent ad valorem.

That was the only way we could change it, and when we did we tried to assort them. But we had this difficulty in this schedule: There were 100 paragraphs in this schedule. We now have 99. We cut out one of them. I will insert those figures.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. LINTHICUM. Can you do that without the consent of the House?

Mr. BACHARACH. I could bring in a blackboard without the consent of the House.

Mr. LINTHICUM. I could not bring in a bottle on one occasion. [Laughter.]

Mr. BACHARACH. That is all right. I want to show that one of these is German made and another American made. They are exactly the same. The difference in the cost of these particular items is this: The German sells in this country at \$3.50 a gross. The other costs 49 cents a dozen to produce. That is why this gets an additional 10 per cent.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. GARNER. That does not protect the article, then?

Mr. BACHARACH. Not thoroughly.

Mr. GARNER. If that did not give it adequate protection, why did you not put it in a different paragraph and give it adequate protection?

Mr. BACHARACH. I thought I told the gentleman that there were thousands of items in this particular paragraph. If we had picked out each one of them we would have had a fine time of it. We had about 40 witnesses on this particular schedule, and we had an exhibit there of many hardware implements in which a case was made out, I think, to the satisfaction of the gentleman from Texas.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. SCHAFER of Wisconsin. How much will the articles you have exhibited here cost the consumer? You have shown how much they cost in Germany and how much they cost to produce in this country.

Mr. BACHARACH. On this particular proposition it costs 29 cents a dozen. That would mean a cent and a half on a dozen of them.

Mr. LINTHICUM. What would the consumer have to pay for it?

Mr. BACHARACH. I say about a cent and a half.

As a matter of fact, under a protective tariff, if we could manufacture goods in this country, we want to see it done. In this case there is conclusive evidence that they were trying to imitate the American producer. There are lots of these particular matters that we could present to the committee.

Mr. GARNER. The gentleman has been good enough to tell us the things he has increased in this schedule. Will the gentleman tell us of things on which the duty has been decreased?

Mr. BACHARACH. Razor blades is one.

Mr. GARNER. How many, including the basket clause?

Mr. BACHARACH. There were 340 different rates, approximately, and the duty was changed on 19 or 20 per cent; that is, in the whole schedule. Of the 99 paragraphs in the schedule, 32 were changed, 3 were reduced, and 29 increased. As to several of them, we had to raise them on account of compensatory duty.

Mr. GARNER. That includes about 1,500 items, included in 390?

Mr. BACHARACH. There might be 1,500 before we have finished with them. In so far as this bill is concerned, and certainly in so far as the industry is concerned in this bill, it does not get anywhere near the protection it should have had; not in my judgment, by a long way.

Mr. GARNER. The others besides razor blades? Can you enumerate them? Are they so insignificant that the gentleman can not remember what they were?

Mr. BACHARACH. Probably I can tell you all that have been raised without difficulty. I will insert them in the Record. I am certain that there might be four of them.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. CELLER. Is there a possible chance of reconsidering the shoe schedule and putting a tariff on shoes? I come from a district where the manufacture of shoes is a major industry. I would like to know.

Mr. BACHARACH. I do not know what the leaders of the House will do about it, but in the next few days I presume all the Members on both sides will have full information as to what the Republican Members have in mind. [Applause.]

Mr. Chairman, the Fordney-McCumber Act of 1922 has now been in operation almost seven years. It was my privilege, as a member of the Ways and Means Committee, to help in the framing of that act, and it is my opinion that the record of its operation has fully justified all the good hopes and predictions that were held out for it at the time of its enactment, while, to the contrary, it has completely weathered all of the direful things that were predicted for it by its opponents.

The conditions under which we are now called upon to consider tariff legislation are entirely different from those which obtained at the time of the enactment of the Fordney-McCumber Act.

Then we were confronted with the task of translating a low tariff law into a high or protective tariff law. Now we have but the duty of readjusting a limited number of rates of that protective tariff law to meet certain economic changes and conditions which have occurred since the adoption of the act of 1922.

On the whole, however, I believe that it is the feeling that with but some few exceptions in both the agricultural and industrial schedules the Fordney-McCumber tariff law has been generally satisfactory and that it has accomplished practically everything that it was claimed it would accomplish.

Under it our foreign commerce has continued to expand, and there has been an increased growth in our imports and exports. Our exports for 1928 totaled \$5,029,682,000, while our imports were \$4,091,120,000, showing a balance of trade in our favor of \$938,562,000, an increase of more than \$364,000,000 over 1927. Our customs receipts have run as high as \$600,000,000 per year, and the increased revenue from that source has helped to thrice reduce Federal taxes.

To an industrial nation like ours our foreign trade is of vital concern. Our prosperity is largely influenced by the prosperity of those nations with whom we carry on trade. That part of our production which we export may be translated as being the difference between employment and unemployment, between prosperity and depression. To carry on this favorable foreign trade which is so necessary to our prosperity and development we must exercise care that we do not do that which will retard the natural inward flow of goods by which our foreign customers can pay in kind for the things which they have purchased from us. The good will of all nations is necessary for our material prosperity.

It is no easy matter to frame a tariff bill. I am a firm believer in the principle of a protective tariff, but I am not an exclusionist. I am frank to say that in my opinion a number of industries are entitled to better consideration than is accorded to them in this bill. However, like all other legislation, a tariff bill is bound to be a matter of compromise. The Ways and Means Committee has been continuously at work since the first of the year in the preparation of the bill which is now offered for your consideration. Two months of that time was spent in holding public hearings for the purpose of getting all

possible and available information that would be helpful to the committee in arriving at satisfactory conclusions.

We heard about 1,100 witnesses while as many more who did not appear in person filed written briefs covering their industries and commodities. The information which they gave to the committee, taken in conjunction with the facts that were furnished by the experts of the Tariff Commission, forms the basis upon which your committee acted in making changes in both classifications and rates and in the administrative provisions of the bill.

Of course, there have been some disappointments in the rates carried in the bill; it is inherently impossible to enact a tariff law which will be universally satisfactory to the many diversified interests affected by it. I am sure that it will not please all of the witnesses who appeared before our committee, and it will not please all of the Members of this House, many of whom have been most assiduous in the interest of their districts and their constituents.

I was chairman of the subcommittee to which was assigned Schedule No. 3, known as the metals schedule, a very important schedule.

It provides for an enormous number of commodities, ranging from crude ores to the most delicate and complicated mechanisms which may be fabricated from metals. Many of the products are unrelated, and the diversification of production and distribution methods and of competitive conditions is extreme. On the whole the commodities provided for in this schedule are supplied to the domestic market largely by domestic manufacturers, and some lines are on a substantial export basis. Some individual products and groups of commodities have, however, suffered severe and increasing competition from abroad since 1922, and to these articles the attention of the committee was particularly directed.

Schedule 3 of the act of 1922 contains 100 paragraphs and 291 brackets or separate rates of duty. Witnesses appearing before the committee requested changes on nearly 70 paragraphs. The committee has made changes in bracketing, phraseology, and rates, so that the schedule in the bill contains 99 paragraphs and 340 rates. The rate changes affect 32 paragraphs. About 20 per cent of the total number of rates in the bill represent changes in amount of duty from the rates in the act of 1922. There are three decreases in rates. Most of the increases affect products of minor importance and are small in amount. In the cases, however, of surgical and dental instruments, pliers, and watches and clocks, substantial increases are required on account of the great differences in cost of production or selling prices here and abroad.

During the period 1925 to 1927 imports of the metal group were about 9 per cent by value of the total imports into the United States. They amounted to about \$370,000,000 per year. Of this amount about 64 per cent, or \$237,000,000, was admitted free of duty. These nondutiable metal commodities consisted to the extent of about 95 per cent of ores and crude metals of tin, copper, and precious metals. The dutiable metal commodities, valued at \$133,000,000 per year, likewise constituted about 9 per cent of the total dutiable imports of all kinds.

The rates of duty in Schedule 3 are not excessive as compared with other schedules. The equivalent *ad valorem* rate on all dutiable metal products was 34.25 per cent, as compared with a rate of 38.57 per cent for dutiable articles of all kinds during the same period.

Although striking advances have been made in manufacturing methods and in technology and a considerable number of new products have appeared, comprehensive revision was found to be unnecessary. For example, the scope of the phraseology provided in the act of 1922 on alloys was substantially broadened on account of the many new developments and the increasing importance of such products.

Every effort was made to clarify the intent of the act by giving specific classifications to many products not heretofore mentioned, and particularly to those which have been the subject of litigation and have been classified by court or Treasury decisions.

It was found advisable to make some rearrangements in the schedule. Three paragraphs, those providing for fountain pens, mechanical pencils, penholders, and fishing tackle, were transferred to the sundries schedule. Two paragraphs providing for fulminates and high explosives were transferred to the chemical schedule. The paragraph on cabinet locks was transferred from the sundries to the metal schedule without change of rates or phraseology. New paragraphs have been provided for phosphor copper, illuminating fixtures and lamps, hand tools, and electrical products. The paragraph providing for silver leaf was combined with that providing for gold leaf, and a few para-

graphs toward the end of the schedule were renumbered to fill gaps made by transfers.

IRON AND STEEL

The manufacture of iron and steel constitutes one of the most important industries in the United States. The total production of iron and steel products at the present time is valued at about \$3,000,000,000 a year. Approximately 360,000 persons are employed. The domestic production of steel (about 51,650,000 tons during 1928) constitutes about 43 per cent of the world's output. The industry has developed throughout the history of the Nation and is now considered, as a whole, highly efficient and on a sound economic basis. Although profits have been low during recent years, they show a tendency to increase.

There are, however, some maladjustments of classification and rates, and since 1922 there have been advances in metallurgical practice and changes in economic conditions of the industry which prompted careful consideration from a tariff standpoint. The advantages which European producers of iron and steel enjoy as a result of low costs for labor and transportation have been accentuated since the war by the modernization of many old plants, the building of new plants, the general adoption of more efficient methods of operation, and the organization of many producing units into cartels. A few domestic iron and steel products meet severe competition, particularly along the seaboard, and it has developed that some rates are not in line with the general rate structure applying to iron and steel products. Consequently the readjustments indicated below have been made with a view toward mitigating existing inequalities in competition, without materially affecting the general level of rates imposed by the schedule.

The domestic manufacture of iron in pigs—paragraph 301—with which the imported product comes into direct competition is a declining industry. United States production of iron in pigs has declined from 9,523,855 tons in 1913 to 7,723,676 tons in 1928. More than one-half of the merchant blast furnaces are idle. Imports were 132,568 tons in 1927 and 140,694 tons in 1928. The rate of \$1.12½ per ton proclaimed by the President has been incorporated.

Paragraph 301 also provides for scrap of iron or steel and its phraseology was revised to provide for the assessment of additional duties on alloy metals contained in such scrap in line with duties on alloys in other paragraphs. Tungsten steel scrap, worth about 6 cents per pound in Europe, has been imported in substantial quantities at the same rate of duty as ordinary steel scrap, which is obtainable at less than 1 cent per pound in the United States.

Sponge, or granular iron, which is made by the low temperature reduction of iron ore, is a comparatively new product in the United States, and is not specifically mentioned in the present act. As it is somewhat similar in use and value to that of muck bars, phraseology descriptive of this commodity has been introduced in paragraph 303. The phraseology was also changed to include small pieces of muck bars manufactured for use in making steel and heretofore dutiable as scrap iron.

Concrete reinforcing bars are mentioned by name at the rate originally assessed in paragraph 304.

Paragraph 305 of the present act provides cumulative duties on all alloy steels and additional duties on certain alloying materials in excess of stated amounts in such steels. In order to carry out the established policy of special tariff treatment for alloy steels, the provisions have been expended in this bill to embrace the entire range of alloy materials and the products of which they are important components, and the minimum dutiable alloy content has been altered in conformity with present metallurgical practice. The act of 1922 provides only for alloys contained in steel. Recently, however, alloys contained in iron, such as stainless iron, are of increasing importance. The phraseology of the present bill has accordingly been changed to provide for alloys contained in iron. Provision has been made also for assessing higher rates of duty on chromium or vanadium contained in steel or iron because of the growing industrial importance of such steels and irons, and because of pressure on domestic markets from foreign sources. The rates are compensatory for the rates on chromium and vanadium provided in paragraph 302.

Hollow drill steel, a high-priced product, is imported from Sweden to the extent of about one-third or more of the domestic consumption. Consequently this product was specifically mentioned in paragraph 304, and the rate was increased.

Imports under paragraph 312, "structural shapes," have increased from \$131,669 in 1919 to \$5,377,129 in 1928, and constitute the bulk of the rolled steel imported. About 99 per cent of imports under the paragraph consist of structural shapes, concrete reinforcement bars, and sheet piling. The rate now in effect is one-fifth of 1 cent per pound, a lower rate than is

assessed on plain steel bars in paragraph 304. As such imported reinforcing bars have consistently undersold the competing domestic articles, the product was mentioned by name under paragraph 304, where the rate will be three-tenths of 1 cent per pound.

Imports of cast-iron pipe have become an important factor in the domestic market in recent years, and amounted in 1928 to \$1,789,732. The imported pipe, largely from France, has the advantage of production at a low cost in a completely integrated plant and the benefit of relatively low transportation costs to the seaboard markets of the United States. The ratio of imports to domestic production was slightly over 6 per cent in 1927, and the effect of the low prices at which the product is sold is serious. The rate on such pipe has been increased from 20 to 30 per cent.

The phraseology in the iron and steel schedule has been changed only where necessary to (1) minimize the incentive toward litigation, (2) clarify the intent of Congress, (3) insure the assessment of the alloy metals at the proper rates of duty, (4) mention new products, such as sponge iron, by name, and (5) to provide specifically for products which have been the subject of litigation, or which have been imported in such quantities as to warrant increases in rates. The changes introduced are designed to more nearly equalize competitive opportunity, particularly in markets near seaboard, and to adjust certain rates which are now inconsistent. The adjustments do not affect the great bulk of the trade in iron and steel products.

ALLOYING MATERIALS IN ORE, ALLOYS, AND ALLOYED PRODUCTS

The alloys and alloy metals provided for in paragraph 302 are mostly intermediate products which are used in metallurgy to produce other alloys and numerous special steels. Most of the group are rare and costly metals and alloys almost unknown to the general public, but never the less of vital importance.

The use of alloys has expanded considerably and new alloys have been developed since 1922. The structure of the tariff rates on alloys in the act of 1922 involved the relationship existing between the content of the alloy material in the ore, in the alloy, and in the finished alloyed product. Changes in basic rate would therefore ordinarily involve corresponding changes in the related rates. The only change found necessary in the rates of duty on the ores from which alloying metals are produced is in the rate on tungsten ore. A small increase in this rate is advisable in view of the difference in cost of production here and abroad—as tentatively determined by the Tariff Commission—and the large ratio of imports to domestic production. Advances in metallurgical practice have been such as to obviate the necessity for corresponding changes in the rates on tungsten alloys.

In regard to alloys in general, various products not mentioned by name in former acts but included to some extent under general phraseology are of growing importance due to the availability of the electric furnace for their manufacture. Others are of similar possible use but still in the laboratory or research stage. Such alloys have been mentioned by name or description in the new phraseology and have been included either at the rates they would presumably have taken under the previous act or at the same rate given to similar previously mentioned products. The principal alloys affected are those used in the manufacture of high-grade alloyed steel.

The alloy content of various metal products has undergone changes due to developments in the industry. To meet these conditions the limiting dutiable alloy content has been newly defined in the present draft, and care has been taken to harmonize this limiting content in the various paragraphs which apply to alloyed products. The new phraseology regarding alloy content now applies equally in the paragraphs on pig iron and scrap, wrought iron, rolling-mill products, forgings, and certain castings and tools.

Confusion has arisen in the administration of the act of 1922 regarding the classification of certain comparatively rare elements which are generally classed as metals. Since they were not formerly mentioned by name, classification was justified either in the free list as metals unwrought or in the chemical schedule as elements at 25 per cent ad valorem. Collectively their uses appear to group them with metals rather than chemicals, and their production involves a high degree of manufacturing and refining. Accordingly they and their alloys have been specifically named or described and included among other similar metals at the existing rate of 25 per cent ad valorem.

NONFERROUS ORES AND METALS

This group as a whole has called for almost no alteration in rates. Changes in the paragraph on miscellaneous alloys (302) have necessitated changes in the phraseology in the paragraphs on aluminum and nickel. The provision for smelter wastage

in ore imported for smelting and refining in bond has been extended to make nondutiable the nonrecovered lead in copper, gold, or silver ores, and the nonrecovered zinc in lead or copper ores.

Three minor products whose classification has been the subject of administrative or judicial decisions have been named specifically: Phosphor copper, used in metallurgical operations, has been given a rate of duty commensurate with the apparent advantage enjoyed by foreign manufacture; lead flue dust, used for its lead content, has been included at the rate provided for lead ore and matte; and zinc dross, another recoverable waste product, has been included at the rate provided for scrap zinc.

WATCHES AND CLOCKS

The group of industries making watches, clocks, and allied products in the United States had its beginning about 1809 and has developed steadily until it now employs about \$150,000,000 in capital, 25,000 wage earners, and its production amounts to about \$80,000,000 per year.

Since 1922 these industries, which have a high reputation for efficiency and the excellence of their products, have not participated in the general prosperity and progress.

A far-reaching demand began during the World War, when the wearing of wrist watches by men became popular. After the war the demand for these small watches increased rapidly and extended to small watches of the bracelet type for ladies. This change has resulted in a larger market for watches in the United States, particularly those of medium price.

Imports under the tariff act of 1922 of watches and clocks, particularly of medium-priced watches, have more than doubled, and in 1927 the foreign value of such imports was equal to 22 per cent of the entire domestic production, while only 4 per cent of the domestic production was exported. The quantity of imports bears an unknown but much higher ratio to domestic production. Imports of watches cover the entire field of production but are more numerous in the wrist watches of medium and low price. Imports of clocks are diversified, but the most noteworthy items are small clocks for household and automobile use, many of which contain watch movements. The spread between the foreign factory prices of imported watches and clocks and the factory prices at which such articles are sold in the United States is often equal to several hundred per cent of the foreign prices. As a result of the competition from low-priced imported timepieces the manufacture of some lines, such as very small ladies' watches, has been abandoned in the United States. It is estimated that there are now more imported jeweled watches sold in the United States than there are jeweled watches of domestic manufacture.

As a result of the phraseology and relation of rates in the present act, it is possible to import incomplete mechanisms at a substantially lower duty than would apply to complete mechanisms and thus obtain a commercial advantage. It is also possible to evade the payment of duties by the use of substitutes for certain jewels, and to place misleading marking upon the mechanisms, or to so mark the complete product that the consumer may be deceived as to the quality and origin of the article. It is also possible to import certain types of clocks as watches and certain types of watch mechanisms as clocks for the purpose of obtaining the lowest rate of duty.

The paragraphs on watches and clocks have been redrafted to (1) provide classifications which will cover the entire range of products manufactured by these industries with rates of duty adjusted to the relative severity of competition in the various articles and to the variations in costs of production, (2) prevent, in so far as is possible, evasions of duty, (3) the importation of merchandise tending to mislead the consumer, (4) equalize the competitive opportunity of importing complete mechanisms with that of importing parts for assembly in the United States, and (5) equalize the competitive opportunity of various kinds and grades of products classified in these two paragraphs.

The new classifications for watches depend solely upon the physical characteristics of the mechanisms. The rates are adjusted according to the size of the mechanisms as the advantage of the imported product varies inversely with the size of the mechanism. Duties are added to the base rates for each jewel and for each adjustment of the mechanism to insure proportional duties on higher grade products. Over the two paragraphs the rates have been increased on an average of about 50 per cent, the rates on some items having been reduced, and on others, where competition is most severe, rates having been doubled. Classification of past imports in sufficient detail to permit the estimation of probable ad valorem equivalents under the new system is impossible.

PISTOLS AND REVOLVERS

It became apparent during the World War that the main reliance of the Government for the arms required for a major

military emergency must be upon the private makers of such arms, with their staffs of highly trained workers and their mechanical equipment. Consequently it is necessary for the national defense that the arms industry be maintained on a basis that will encourage normal expansion in time of peace.

Pistols and revolvers are made in two general classes: One group of firms makes a high-class, expensive product; the other group, arms of a lower grade and price. Imported pistols and revolvers compete in both classes, but more severely in lower grades. Arms of the latter type are made abroad in large numbers; an entire town in Spain is devoted almost wholly to the industry. Many of these pistols are not only of low grade but are constructed of iron instead of the forged steel used by all domestic makers. Such arms are a source of danger to the user. The specific duty on arms valued at not over \$4 each has been increased from \$1.25 to \$2 to restrict importation of poorly made and dangerous products, which compete with the products of an industry necessary to the safety of the Nation. The phraseology has also been changed to insure the proper classification of revolvers and single-shot pistols.

ELECTRICAL MACHINERY AND APPARATUS

The products of this important group of industries are now dutiable under two paragraphs. Transformers, wiring devices, control apparatus, and the like are assessed at 40 per cent as manufactures of metal not specifically provided for, whereas generators and motors, which are more expensive and difficult to manufacture and more susceptible to competition, are assessed at only 30 per cent as machines not specifically provided for under paragraph 372. Furthermore, litigation over the meaning of the term machine as applied to electrical equipment has resulted in transferring some products to the machinery paragraph and leaving similar products classified under paragraph 399.

The industry is of such importance that separate classification of its products is warranted, if only for the purpose of securing adequate statistical information. Imports have been increasing under the tariff act of 1922 and amounted to approximately \$1,500,000 in 1928. The new paragraph groups the products of the industry according to use and is designed to exclude from the paragraph all articles and parts of articles not in chief value of metal, thus insuring classification of such articles as condenser plates of mica, porcelain insulators, and the like, at the rates intended by Congress.

The domestic electrical industry is characterized by large and highly organized units and in Europe there have grown up large organizations, developed along similar lines, some of which establishments are actively competing in United States markets.

Allied to the electrical industry is the manufacture of lighting fixtures and portable lamps. Although the cheaper grades of fixtures can be made in standard types in considerable numbers, yet the better grades are not adapted to such methods, and the design and production of the large and expensive fixtures used in hotels and other public buildings is more of an art than a manufacturing business, and requires a great amount of hand work. Attempts have been made to enter lighting fixtures at 20 per cent, as electric incandescent lamps.

In order to provide adequate statistics and to eliminate the tendency to litigation, this paragraph has been written, providing for metallic fixtures the same rates of duty as those in the basket clause, where they are now classified.

SURGICAL AND DENTAL INSTRUMENTS

Outstanding among American industries suffering from foreign competition are those producing surgical and dental instruments. Before the World War the United States obtained the bulk of its surgical instruments from Germany. When imports were shut off in 1914 considerable development took place in this country, but the need of adequate production facilities during the latter years of the war was still keenly felt. Since the war, and particularly since 1924, imports of surgical instruments have increased with a resultant decrease of domestic production. The number of domestic plants has been reduced to a few relatively small establishments engaged largely in the manufacture of specialties, soft-metal instruments, and in repair work.

Germany manufactures on a mass production basis for a world market and at the present time supplies about nine-tenths of the steel instruments and approximately half the instruments made of nonferrous metals which are consumed in the United States. Certain classes of dental instruments, such as burs and handpieces, are also imported in substantial quantities, and imports have increased steadily since 1922.

Some domestic producers now import instruments in order to supply their customers with articles which they can not produce profitably.

Price studies made by the Tariff Commission indicate that there is a spread between the foreign and domestic prices of

representative instruments ranging from nearly 100 to over 300 per cent of the foreign price on surgical instruments and from about 80 to over 800 per cent on dental instruments. Some of the imported dental instruments are, however, of inferior quality. To partially equalize these differences, and with a view to the maintenance of an industry which is essential to the welfare of the Nation and adequate for a national emergency, the rate on surgical instruments was increased from 45 to 70 per cent ad valorem and on dental instruments from 35 to 60 per cent ad valorem. Certain instruments not previously mentioned, and with respect to which there were specific requests for special treatment, have been mentioned by name.

DECORATIVE METAL PRODUCTS

Serious competition has developed in certain branches of this group of industries. Imports of aluminum foil increased over fifty times by 1928, as compared with imports during 1923. Two new products have been developed since 1922, namely, metal powder in the form of leaf—oeser foil—and metallic decorative material mounted on a backing. New rates have been adopted for aluminum foil and mounted decorative metal to meet the increased competition from imports. The rate proclaimed by the President on gold leaf has been incorporated. The former paragraph on silver leaf has been combined with that on gold leaf without change of rate.

HARDWARE AND TOOLS

The group of industries producing hardware and tools is on the whole in a satisfactory condition. There are numerous establishments that manufacture thousands of different items on a mass production basis. Most of such establishments are reasonably prosperous. There are also many establishments manufacturing specialties, efficiently and at a low cost, but in relatively small quantities. Individual items in this group of products, particularly mechanics' tools, anvils, chains, hand farm tools, and miscellaneous hardware, are suffering from foreign competition and increased rates have accordingly been provided.

The committee received requests for changes in rates of duty on about 30 items in this group, most of them now dutiable under paragraph 399. Some of the industries concerned, notably that manufacturing anvils, have declined since the passage of the present act, the domestic requirements being largely supplied by imports.

Many mechanics' tools and items of hardware are sold to an increasing extent in hardware and chain stores, the imported products often being obtainable at much lower prices than are the comparable domestic articles. A notable example is pliers, the demand for the cheaper qualities of which is supplied to the extent of about 50 per cent by the imported product. The average foreign value of imported pliers in 1928 was 14.4 cents, whereas the lowest-grade pliers manufactured in the United States can seldom be sold as low as 30 cents.

The rate of duty on hand farm tools, paragraph 373, remains unchanged at 40 per cent ad valorem.

MISCELLANEOUS MANUFACTURES OF METAL AND SPECIALTIES

This group of products comprises for the most part the output of comparatively small industries, some of which manufacture in great variety. Those items of particular note respecting which the present bill provides reclassification or increases in rates, or both, are wire rope, wire cloth, umbrella hardware, metal kitchen utensils, print rollers, buckles, tacks, pens, printers' type, and needles.

Wire rope, such as is used for elevator and other hoisting cable, is imported in substantial amounts. The rope imported is in some instances of inferior grade and dangerous, especially where human life is dependent upon quality. Imported wire rope is now selling in the United States at from \$2 to \$10 per hundred feet or about 25 to 30 per cent under the lowest price at which the domestic product can be sold. Imports are equal to about 8½ per cent of domestic production, while exports amount to only slightly over 3 per cent. These considerations warrant the increase from 35 to 40 per cent.

The manufacture of wire cloth with meshes finer than 30 per linear inch requires a high degree of skill and the use of expensive equipment. Imports are substantial, particularly in the fine grades, and such imports are sold at lower prices than are comparable products of domestic production. In some instances the differential in price has ranged up to 450 per cent of the price of the foreign product and credit terms are granted, particularly on wire cloth used in paper making, which give a substantial additional advantage. An increase of rates on the finer grades of wire cloth has been made and a reclassification provided with increased rates on wire cloth used in paper making, which is now imported, by authority of Treasury decision as parts of machinery under paragraph 372 at 30 per cent.

Umbrella hardware is manufactured in the United States in 8 or 10 establishments now producing a yearly output somewhat below \$2,000,000 dollars in value, of which about 65 per cent is labor cost. There is evidence that the industry is now operating at a loss. Imports, mostly from Germany, are estimated to equal about 15 per cent of domestic production and are increasing. The imported product is sold in the United States at prices which can not be met by the domestic producer. The increase in duty is intended to partially equalize the existing differences in costs and prices.

Table, household, and kitchen utensils plated with precious metals have been classified with utensils made of base metal at a lower rate of duty than that assessed in paragraph 399 on related articles made by the same industries. A bracket has been added to paragraph 339 including such utensils plated with gold or platinum at 65 per cent and silver-plated utensils at 50 per cent.

Print rollers provided for in paragraph 396, although the subject of an increased rate proclaimed by the President, have since the proclamation been classified under court decisions as parts of machines taking a rate of 30 per cent ad valorem, as have engraved rollers made entirely of metal. The paragraph has been reworded to insure the classification thereunder of all rollers and blocks used for printing, and the rate of duty proclaimed by the President has been confined to print rollers with raised patterns of brass or brass and felt.

A bracket has been added to paragraph 331 provided for upholsterers' nails, thumb tacks, and chair glides made of two or more pieces of iron or steel. The rates in this paragraph are much lower than those on most of the small finished metal products and have proven inadequate to prevent destructive competition in the articles newly provided for. The United States prices on the imported articles are now from one-third to one-half the prices of the domestic products.

Similar situations were found to exist with respect to metallic pens, the rates on which have been increased and a bracket provided to include new products; printers' type, the imports of which from Europe are increasing; and on certain kinds of needles which are imported in considerable quantities and sold at prices which domestic manufacturers can not meet.

High-priced ornamental shoe buckles have, under court and Treasury decisions, been classified under paragraph 346, which was intended to cover only utilitarian articles. The paragraph has been limited to articles valued at not over \$1.66 per hundred, thus relegating decorative buckles to paragraph 1428. The same conditions prevail with respect to snap fasteners, paragraph 348, and the same adjustment was made.

The changes in the administrative provisions of the present law, as carried in this bill, are most important. The amendments suggested to the "flexible" provision of the present act are far-reaching in their effects and will afford a means of relief for those industries which feel that they have not been adequately provided for in this new bill when it becomes a law. The changes proposed, in my opinion, will put real teeth in the "flexible" provision and will enable the President and the Tariff Commission to function as it was intended they should function but found it impossible to so do under the present law. It so broadens the authority of the commission, acting under the instructions of the President, that it is expected it will enable the President to render a decision on an application for relief within a period of a few months, where it now takes anywhere from two to three years or longer to get a decision. As a matter of fact, the changes which are suggested in the administrative features of the bill are all in the interest of better service to the American producer.

Mr. GARNER. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. LINTHICUM].

The CHAIRMAN. The gentleman from Maryland is recognized for 10 minutes.

Mr. LINTHICUM. Mr. Chairman and members of the committee, after the wonderful addresses which have been made here to-day by members of the Ways and Means Committee, who have made a thorough study of this subject and for three months have listened to witnesses touching upon the 10,000 items contained in this bill, it can hardly be expected of me to measure up to their standard of knowledge upon this subject.

The old saying, however, that "silence gives consent" prompts me as a Democrat, who does not believe in burdening the consumers of the country unnecessarily and for nonrevenue purposes, to say that I am opposed to this bill and to the items of increase contained therein. It is totally unnecessary at this time and reprehensible in every way.

I can remember further back perhaps than a great many men in this House, yet there are those who can remember just as far and some farther back than I can. There was a time within my memory when the father made the living for the family, sons often helping him out. The women folk remained at home looking after the family matters and the household, and there was contentment and happiness. To-day, however, the whole economic condition has changed. The daughters must seek employment, and often the wives and mothers are engaged in work away from the home, which demonstrates very clearly that it requires the combined efforts of a family to maintain itself. This situation is largely brought about by the tremendous increase in the cost of living, and this high cost of living emanates from the protective, or I might say prohibitive, tariff which the Republican Party has placed upon the necessities of life.

We had hoped that with modern machinery, and its mass production, the cost of living would have been much less than under the old method. I had hoped that Congress might see fit to decrease the tariff upon many articles of food products in the interest of the consumer, which I believe would likewise redound to the interest of the farmers.

I understood when this special session was called that we were meeting for the purpose of "farm relief." It never occurred to me that we were here to revise the entire tariff schedule in a bill comprised of 460 pages covering at least 10,000 items. When Congress passed the farm relief bill, creating cooperative associations, and establishing a revolving fund of \$500,000,000, I thought that we would then revise downward the tariff upon those things which affected the farmer. I certainly did not have the remotest idea that the Republicans intended to help the farmer with the left hand in a relief measure and then grasp him, as it were, by the throat by increasing in a tariff bill his cost of living, and the cost of the implements with which he works, to bring to fruition his crops. Why, this tariff bill will cost him far more than we can even hope to relieve him by the farm relief bill which was passed.

SUGAR

Take the sugar schedule for instance—perhaps the most reprehensible one in the entire bill: In that schedule we increase the burden upon the sugar consumers of the land by not less than \$200,000,000, and this, mind you, is in addition to the burden of \$190,000,000 which Congress placed upon sugar consumers under the Fordney-McCumber tariff bill passed in 1922, making a total tariff increase to the consumer within the last 7 years of around \$400,000,000. Why is this done? When 85 per cent of all the sugar we use is produced in the Philippines, Hawaii, Porto Rico, and Cuba, the other 15 per cent being beet sugar raised in the Northwest and cane sugar raised in Louisiana. It is purely to help the beet-sugar industry. When you realize that the Great Western Sugar Co., of Colorado (which produces 500,000 tons, or one-half of all our beet sugar), has profits in excess of 45 per cent annually on its watered stock.

Under this bill sugar is admitted free of duty from the Philippines, Hawaii, and Porto Rico; and little Cuba, with its \$760,000,000 of American money invested in sugar interests, will be crippled by the big increase duty. I have heard the gentleman from Wisconsin [Mr. FREAR] predict that with free sugar coming from the Philippines, Hawaii, and Porto Rico, the beet-sugar growers will not be able to exist against this competition, which employs cheap labor in the production of its sugar. How true this prediction may be can be gathered from the following table, which shows that between 1922 and 1928 the sugar production from the Philippines alone increased from 127,212 tons to 637,000 tons. There is such a thing as putting on too heavy duty, which brings on increased production and competition from other countries and destroys the industry of our country. This may be the case with sugar, but what I am opposing is this unnecessary increase to the cost of living. We can readily understand this when we are reminded that in 1867 the average individual consumption of sugar was 45 pounds per annum, while it has now grown to 109 pounds per annum.

Here is the domestic-sugar problem

Duty free	Productive tons	
	Years 1922-23	Years 1928-29
Domestic beet.....	911, 190	925, 000
Louisiana.....	263, 478	145, 000
Porto Rico.....	338, 456	620, 000
Philippines.....	263, 437	637, 000
Hawaii.....	479, 456	830, 000
Total.....	2, 256, 017	3, 157, 000

The progress of Philippine free sugar imports is even more startling:

	Tons
1921.....	147, 212
1923.....	212, 398
1925.....	439, 977
1927.....	473, 674
1929.....	637, 000

BUILDING MATERIAL

In the interest of the lumbermen of the State of Washington, a tariff has been placed upon lumber and maintained upon logs. It would appear a most foolish thing to maintain a tariff on logs. We have heard so much about reforestation, and yet here is an opportunity to let the logs come in from British Columbia, have them manufactured by our laborers into lumber and shingles, thereby saving our trees by the use of the Canadian product. In the interest of a small number of brickmakers in the vicinity of New York, who have had to compete with brick from abroad, it is proposed to put a very considerable tariff on brick, tiles, concrete, and so forth, and under the metals schedule it is proposed to increase the tariff on iron and steel, so that when you pay this tariff on these various building materials, it is estimated the cost of building in this country will be increased by \$500,000,000. This is bound to decrease construction work and prevent the building of many homes which might otherwise be established. Half of all the lumber used in this country is consumed on the farms—you can readily imagine what this additional cost will be to the farmer whom we came here to relieve.

SURGICAL INSTRUMENTS

I asked the gentleman from New Jersey [Mr. BACHARACH] about the tax on surgical instruments and I want to pay my very deepest respects to him. He answered the questions which we asked him in a frank and able manner. He was so pleasant and agreeable about it, that I am sure he made a very fine impression not only on my left but likewise on my right. [Applause.]

One of the most preposterous increases, it seems to me, is this paragraph 359, surgical instruments and parts thereof, including hypodermic needles, hypodermic syringes, and forceps. The duty on these is increased from 45 per cent to 70 per cent ad valorem. This is a charge upon the hospitals of the country to which we are all asked to contribute in many drives, many auxiliaries, and so forth; hospitals in which the women do so much for their maintenance. Yet, here is a Government adding additional cost to the 6,000 hospitals of the country in order that a small industry of \$2,000,000 may have greater profits. When it comes to extracting money from humanitarian institutions—laying tax upon the poor, distressed, and sick—it is beyond my comprehension.

I might continue ad infinitum to speak of the increased tariff upon the vast number of items in the bill. There are some 10,000 different articles covered by the bill. You can readily understand how impossible it would be to deal with many subjects in such a short space. I have therefore mentioned just a few of the outstanding articles that you may see that the Republican Party is still bent on adding more profits to the great industries of our country, which have already become fat at the expense of the American consumer. We hear very little nowadays about protection because the phrase is obsolete and has long been passed. To-day the Republican Party is engaged in passing a prohibitive and embargo tariff which must eventually leave the American consumer to the octopus combines and monopolies of our land. Imported articles will soon become available to only the rich and the privileged classes which feed upon the American consumer.

The high tariff placed upon the articles in this bill is not the last word, however. The bill gives the President of the United States power to increase the tariff on any specific article or articles to the extent of 50 per cent increase. Congress therefore divests itself of this great power of taxation and makes it possible for one man to increase enormously the tax burden upon the American people. Certainly this is going far afield in granting increased power to the Executive head and further centralizing the powers of government at Washington. The power to tax is the power to destroy.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. GARNER. Mr. Chairman, I yield to the gentleman three additional minutes.

Mr. LINTHICUM. When you note this 35 per cent increase duty on surgical instruments, the increased duty on sugar and the lumber, brick, tile, cement, and so forth, with which you build the homes of the people of the country, then glance at the free list, does it not constitute a laughable sight?

FREE LIST

For instance, I find that our old friend divi-divi is on the free list, provided there is not any alcohol in it. I do not know

why 50-50 was not also put on the free list. Certainly, "Go and get it" is written for the monopolies in every one of the 460 pages of this bill and among the 120,000 words.

I notice also that eggs of birds, fish, and insects (except fish roe for food purposes) are on the free list. If it is fish roe for food purposes it is not on the free list.

I also notice that fish imported to be used for purposes "other than food" is on the free list. If it is for food it must pay a duty.

Then I notice something is here for these old, standpat Republicans who believe in a high protective tariff—"fossils" are on the free list. [Laughter.]

Asafetida is on the free list and manna is on the free list.

It is hoped that if some of our people by reason of the increase in this tariff become so poor and so needy, perhaps by putting "manna" on the free list we may get some donation from Heaven, as Scripture relates.

Then we admit bells free provided "they are broken." If you bring in a good bell and it makes a tune, it pays a duty, but if it is a broken bell you can bring it in. I am surprised that the men from Pennsylvania allowed them to put broken bells on the free list to compete with our dear old Liberty Bell which we cherish so deeply.

Mr. GLOVER. Will the gentleman yield for a question?

Mr. LINTHICUM. I yield.

Mr. GLOVER. While the gentleman is on the free list, I will ask if it is not true that they also leave ipecac on the free list?

Mr. LINTHICUM. Yes; ipecac is on the free list. It is always free.

Then dried blood is on the free list.

Gentlemen, I bring to your attention these articles on the free list—fossils, dried blood, broken bells, divi-divi, ipecac, manna, and so forth.

Mr. COLE. Will the gentleman yield for a suggestion?

Mr. LINTHICUM. Certainly. I am always glad to yield to my friend for a suggestion, just so the gentleman does not bring in "blackstrap" questions.

Mr. COLE. Spruce and pine and fir and hemlock and all building materials that we use are also on the free list.

Mr. LINTHICUM. I admit that spruce, pine, fir, and hemlock are on the free list, but the great mass of lumber which we use has been transferred to the tariff schedule, as also all other building materials. [Applause.]

I am sorry I have not more time. I should like to go into the tariff question further and demonstrate how the increases under the Republican administration have caused living costs to mount and increased prices in other lines which are necessary to our modern civilization. High taxes and high cost of the necessities of life have rendered it difficult for people to live properly and healthfully and to educate their children. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. CROWTHER].

Mr. CROWTHER. Mr. Chairman, I want to read an excerpt from the annals of the First Congress in 1789, which may be of interest to my friend from Maryland, Mr. LINTHICUM. It is as follows:

[Excerpt from Annals of Congress (1st Cong.), vol. 1, April, 1789. Duties on Imports. House of Representatives, Saturday, April 11]

Mr. Smith, of Maryland, presented a petition from the tradesmen, manufacturers, and others, of the town of Baltimore, which was read, setting forth: That, since the close of the late war and the completion of the Revolution, they have observed with serious regret the manufacturing and the trading interest of the country rapidly declining, and the attempts of the State legislatures to remedy the evil failing of their object; that, in the present melancholy state of our country, the number of poor increasing for want of employment, foreign debts accumulating, houses and lands depreciating in value, and trade and manufactures languishing and expiring, they look up to the Supreme Legislature of the United States as the guardians of the whole Empire, and from their united wisdom and patriotism, and ardent love of their country, expect to derive that aid and assistance which alone can dissipate their just apprehensions, and animate them with hopes of success in future, by imposing on all foreign articles, which can be made in America, such duties as will give a just and decided preference to their labors; discountenancing that trade which tends so materially to injure them and impoverish their country; measures which, in their consequences, may also contribute to the discharge of the national debt and the due support of the Government; that they have annexed a list of such articles as are or can be manufactured amongst them, and humbly trust in the wisdom of the legislature to grant them, in common with the other mechanics and manufacturers of the United States, that relief which may appear proper.

Ordered, That the said petition be referred to the Committee of the Whole on the state of the Union.

Mr. LINTHICUM. I do not think the gentleman will find that they enacted a prohibitive or embargo tariff.

Mr. CROWTHER. I do not know what the gentleman means by an embargo tariff. We have never had one. What you called a prohibitive tariff in 1922 brought to our customhouses the greatest imports in the history of the country. My Democratic colleagues made speeches on this floor ridiculing it. My friend from Mississippi [Mr. COLLIER], my friend from Texas [Mr. GARNER], my friend from Illinois [Mr. RAINEY] all made speeches and they wept copious tears and prophesied disaster, they feared this old world might fall off into primeval chaos, and the stars cease to shine if that wicked bill passed, and yet since it became a law we have had the greatest period of prosperity that the country has ever enjoyed. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman and gentlemen of the House, in the preparation of a tariff bill in the committee as well as in the House, you have all minds to deal with. It is no farther distance between the views of my friend from Iowa, Mr. RAMSEYER, and the gentleman from New York, Doctor CROWTHER, in their understanding of principles that go into a tariff bill than there is between the gentleman from Tennessee, Mr. HULL and the gentleman from Texas, Mr. GARNER, the Democratic leader. And yet we are called together to frame a bill, and do it so it will be satisfactory to the country.

We on this side of the aisle, as some of you on that side, are pledged to a protective tariff bill. I believe in real protection but not in an embargo.

Our committee has had the benefit in private conferences of the testimony and advice that come from experts from the Tariff Bureau. They gave us only the data we asked for, and we endeavored to write our conclusions fairly and without undue influence. I do not know that I need offer anything further on that subject, for I want to take up and discuss particularly another subject.

In Congress we represent our States as well as the country, and we are compelled at times to become seriously engaged with the interests of our district. Some men have districts whose commercial progress may be due to steel, others to cotton, others to sugar, as it is in case of Baltimore, represented by the gentleman from Maryland [Mr. LINTHICUM], who has just spoken. The interests of our districts may have a large influence in affecting our individual judgments. That is one of the things I wish to deal with now. Because while I hope to support this bill it is not satisfactory in several particulars. As was well said by the gentleman from Oregon [Mr. HAWLEY], however, we are compelled to compromise on tariff bills.

I do want to call attention to one proposition that is dangerous politically, economically, and in other respects.

Let me say that while the gentleman who sits close at my right, the gentleman from Colorado [Mr. TIMBERLAKE], is my good friend—and I helped to get him additional time in which to address you last Friday—he discussed the sugar tariff and then inserted in his remarks in the Record a claim that I had made some false statements. This did not occur in his speech on the floor. I am not going to reply in kind, but I am prepared to amplify every statement then made, and to call attention to the effect that constituencies have upon those called upon to draft a tariff bill because it is especially important to understand in the preparation of this sugar schedule.

SUGAR SCHEDULE INDEFENSIBLE

Mr. Chairman, I am frank to say that this one schedule in the bill is absolutely unjustified and can not be successfully defended by anyone, either in the House or Senate. More than that, I predict the outrageous boost in sugar duties designed to raise the price of sugar to 120,000,000 consumers, but not to shut out 1 pound of the 10,000,000,000 pounds of sugar we must import, is a proposal that contains more political dynamite and more economic injustice than all other schedules combined. Estimates of \$120,000,000 to \$240,000,000 increased cost, if 7-cent sugar is secured as predicted, will be borne by consumers. That means \$3,000,000 to \$6,000,000 increased cost to the people of my State depending on the effect of a 40 per cent raise in the sugar tariff proposed by this bill. Bates, the chemist offered to the committee by Chairman TIMBERLAKE, stated to the committee that a 7 cent per pound sugar price alone would permanently help many of the mills. I believe he was right in that estimate, but he failed to add that 7-cent sugar produced by a tariff would soon disappear through a deluge of free sugar from the islands.

Seven-cent sugar means an increased cost for sugar of from \$30,000,000 to \$60,000,000 annually to the farmers' families of this country. To say that this grotesque effect of 3 cents per pound on 5-cent sugar is of any benefit to agriculture or of any permanent service to the sugar-beet growers of this country is to confess ignorance of the simplest effects of tariff legislation. This increased tariff if absorbed to any extent can not benefit domestic producers, who are not trying to shut out sugar, but to raise the price for their own benefit. That is the sole purpose.

THOSE WHO GET ENORMOUS PROFITS FROM CONSUMERS

It has been aptly expressed as highway robbery of consumers without the approval of any tariff officials or any other agency except sugar-beet growers of the country, most of whom are innocently misled by the proposal. The Great Western Sugar Co. that manufactures 500,000 tons annually, or one-half of all beet sugar in this country, reported 45 per cent profit on its common stock for 1928. That company has 13 sugar mills in Sugar Chairman TIMBERLAKE's district. If this 3-cent sugar rate is written into the bill, it ought to give a huge increase in profits annually to this sugar company for a brief period at least, based on 45 per cent profits on its common stock in 1928. I will discuss the basis of those profits later.

The sugar schedule could not have been written better for its own selfish interests by the Great Western Co. itself. How Chairman TIMBERLAKE came to be chairman and why he fixed a 3-cent sugar rate contrary to the finding of the United States Tariff Commission will be a matter of interest to the 120,000,000 consumers who must pay the new sugar bill. I do not inquire as to his reasons, which are not supported by any finding of the Tariff Commission. That commission made a careful survey of this very subject, with a majority report of 1.23 cents for Cuba, or about one-half of the Timberlake proposal. Why 3 cents?

WHERE THE SUGAR COMES FROM

We consume something like 12,000,000,000 pounds of sugar every year; one-half is imported and pays duty. Four billion pounds come in from the islands free of duty, and these free imports have increased 100 per cent within six years. Two billion pounds are manufactured in this country. One billion pounds alone, or 8 per cent of the total, by one great concern known as the Great Western Sugar Co. of Colorado. That company manufactured 500,000 tons last year. Of that product one-half is manufactured in the district of the gentleman from Colorado [Mr. TIMBERLAKE].

Mr. TIMBERLAKE. And I am proud of it.

Mr. FREAR. No question about it, and I am not criticizing the gentleman personally. But let me show you what happened because of that fact.

The gentleman from Colorado [Mr. TIMBERLAKE] made the statement in the printed record, not spoken, that what I said was false. I do not know in what particular. I would not make a false statement knowingly to the House if for no other practical reason than because it could be quickly analyzed and easily refuted. I will apologize to the House if any statement ever made by me is inaccurate, but I again assert the truth of every statement.

Mr. TIMBERLAKE. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes; certainly.

Mr. TIMBERLAKE. I say to the House that I did not intend to carry the impression that the gentleman intended to make a false statement to the House, but I said that the statement was false by reason of the fact that he relied upon a source for his information that was inimical to the interests of this country, and only in the interest of Cuba.

Mr. FREAR. The gentleman has made a very interesting statement, and I shall treat him just as kindly as I would any other Member of the House. I think a great deal of him.

Chairman TIMBERLAKE incorrectly suggests that I may have some personal or other interest in the Cuban sugar situation. I have none. I do believe that Cuba and the Philippines should be accorded fair play. The Great Western Sugar Co. does not intend to give fair play to other countries or to other sugar producers in our own country. I leave it to the Holly Sugar Co. and others to answer the Great Western in its distribution of territory.

I SERVE NO POLITICAL OR OTHER INTEREST EXCEPT THAT OF THE CONSUMER

Specifically, I say that I have no interest and never have had in any mill or other interest, in Cuba, the Philippines, Porto Rico, Hawaiian Islands, Louisiana, or Wisconsin, and I have visited sugar mills in all these places. When deluged with propaganda by the Great Western Sugar Co.'s private print mill every morning, with half truths and often misstatements of truth, including that of Mr. Green, president of the American Federation of Labor, I was at a loss to find some means of

getting the true facts before the people. About two weeks ago I was called upon by a young woman who stated she represents Cuban sugar interests that import 6,000,000,000 pounds of sugar annually into this country, 80 per cent of which I am informed is owned by American interests. Any public statement I cared to make was also given her. If that be wrong, make the most of it. Such statements would have been available to the Great Western Co. in like manner if desired.

I will add that neither myself, my family, nor any personal friend so far as I know has any interest in any sugar business, directly or indirectly, located anywhere in the world. Now, Chairman TIMBERLAKE may also speak.

Under existing law Cuban sugar pays \$1.76 per hundred tariff to enter our ports in competition with the Great Western Sugar Co., that reports nearly 50 per cent profits on its watered stock. That rate of \$1.76 is proposed to be jumped by the Great Western Sugar Co. and other companies, through congressional action, to \$2.40 per hundred pounds. No greater economic crime in all tariff history, I submit, can be offered than this squeeze on the American consumer, who in the end pays any bill that raises the price of sugar.

I believe Cuba will be unjustly treated whether its sugar is owned by Americans or Cubans. I believe also that Chairman TIMBERLAKE's resolution to limit Philippine sugar imports would increase the large profits of the Great Western Co. and is un-American and against every principle of fair play. It is certain, for that reason, to fail in passage.

ONE-QUARTER OF ALL AMERICAN BEET PRODUCTION IS IN ONE DISTRICT

When saying I have no connection or interest and never have had, political or otherwise, in any person, direct or indirect, so far as concerns this sugar schedule in this country or elsewhere, can Sugar Chairman TIMBERLAKE, with 13 Great Western sugar mills in his district, say as much? That company produces one-half of all our beet sugar and more than half of this great sugar company's mills are in his district.

AMERICANS IN CUBA AND SPANISH IN THE PHILIPPINES

I have stated that if \$750,000,000 of American money is invested in Cuban sugar interests, which buy all their products from this country and employ many honest, intelligent Americans whom I met in Cuba, then their rights ought not be denied fair treatment when we import, free of duty, 4,000,000,000 pounds of sugar annually from the Philippines, Porto Rico, and Hawaii that in part is alleged to be produced by Spanish, English, German, and Japanese stockholders, alleged to own sugar interests in the different islands. Secretary Stimson informed the committee that Spanish business interests 10,000 miles away have \$20,000,000 of sugar investments in the Philippines. They are given preference to American investors in the island, within 100 miles of our own shores; but why destroy the business of either to serve no one but a handful of sugar producers at the expense of American consumers?

PATRIOT OR PIRATE, WHEN AND WHERE?

Just why does a Spaniard, or even an American, 10,000 miles away in the Philippines, wear seraphs' wings and an American or a Cuban become a tariff outlaw when living in Cuba, close to our own doors? Was it for that we drove the Spaniards out of both Cuba and the Philippines? When shall we say to the one, you must restrict your imports to us because the Great Western sugar boa constrictor, now busy crushing home business rivals, demands that we restrict Philippine sugar, and when this Colorado crusher of 6-year infants in beet fields decides to push up profits in excess of 45 per cent annually on watered stock, is it then we must raise a 3-cent-per-pound sugar tariff wall against the world?

No man can deny such duty will crush out Cuban investments of many American stockholders in a country where we have retained the right to control its government by force of arms in our discretion. In other words, when is an American abroad a patriot and when a pirate?

Can any intelligent student of tariff making where the purpose alone is to raise the sugar price without hope of increase in a 15 per cent industry deny that this effort at rate making under the grinding hand of the Great Western Sugar Co., of Colorado, is a startling effort to control Congress? I do not charge Sugar Chairman TIMBERLAKE, of Colorado, in whose district this great sugar company crushes out one-quarter of our total sugar-beet production with knowingly doing injustice to the Philippines or Cuba, but I do say that with such surroundings is it not incredible that the Great Western Co. should attempt to spread out its long, slimy body over the American Congress in its effort to control tariff legislation?

I do not blame Chairman TIMBERLAKE for his attitude on this sugar problem. He represents great sugar interests in his district; but let me say to you that 85 per cent of all of the sugar consumed in this country is imported. It was said here a few

moments ago by Representative BACHARACH that when you have a 5 per cent importation it ought to be considered. Eighty-five per cent of the sugar we use is imported into this country. The consumers are the only ones that are going to pay any increased tariff price for that sugar. It is not a protective tariff, because we must have that imported sugar for our needs. Only 15 per cent is produced in this country and only 8 per cent of the total production needs help. I shall put into the Record a statement showing that the Great Western Co., with its 13 mills in Chairman TIMBERLAKE's district, producing one-half of the beet-sugar production of the United States, gave to preferred stock free of cost the common stock that earned last year 45 per cent. That is my interpretation of the report.

Mr. HUDSON. Will the gentleman concede that the other 85 per cent could be produced in this country if conditions were right?

Mr. FREAR. I would, if conditions were right; but they will never be, because of free sugar import conditions existing. If you put this tariff any higher it will increase the import of free sugar from the Philippines, Porto Rico, and Hawaii and drive out the domestic mills now making beet sugar—every one of them in the early future. I have one in my district and the gentleman from Michigan has them in his. I am just as much interested in protecting local mills as the gentleman from Michigan; but he can not protect them by any tariff.

The gentleman from Colorado [Mr. TIMBERLAKE] incorrectly suggests that I may have some personal or other interest in the Cuban-sugar situation. That was his statement. I have not. I do believe that Cuba and the Philippines should be treated fairly, that is all; and the Great Western Sugar Co. does not give them fair play.

Mr. HUDSON. Mr. Chairman, I do not want to interrupt the gentleman, but I just want to ask one little question.

Mr. FREAR. I must go on for the present. I leave it to the Holley Sugar Co. and others to answer the Great Western Co. in its distribution territory.

If any degree of fair play or common justice is to be the policy of this Government, then I offer this illustration of gross injustice proposed by the pending sugar schedule. Beyond that I have no interest in Cuba or the Philippines; I am interested, however, in the American consumer about to be exploited by this jump in sugar prices.

Get the facts squarely, because I have tried to indulge only in facts and not in any general statements. I have, I believe, introduced the only bill in Congress that proposes any permanent real protection to the sugar-beet mills of this country and the cane-sugar mills of Louisiana. H. R. 1641 will do this and it will aid every weak sugar company in the country. It suggests a certain remedy. It is the only way to protect and preserve our sugar business because of the following startling figures:

Here is the domestic-sugar problem

Duty free	Productive tons	
	Years 1922-23	Years 1928-29
Domestic beet.....	911, 190	925, 000
Louisiana.....	263, 478	145, 000
Porto Rico.....	338, 456	620, 000
Philippines.....	263, 437	637, 000
Hawaii.....	479, 456	830, 000
Total.....	2, 256, 017	3, 157, 000

The progress of Philippine free sugar imports is even more startling:

	Tons
1921.....	147, 212
1923.....	212, 398
1925.....	439, 977
1927.....	473, 674
1929.....	637, 000

If substantially accurate these figures demonstrate that free sugar imports have increased from the Philippines nearly 330 per cent in eight years and 140 per cent in the last six years. That free-sugar imports from Hawaii and Porto Rico during the last six years have increased from 75 per cent to 80 per cent, and that with their tropical climate, rich cane sugar, ratoon crops that reseed themselves, and with cheaper labor they can and will drive out our own sugar industry. That, I believe, would be a calamity, particularly where easily preventable.

Scandalous child labor and imported Mexican labor conditions alone enable the Great Western Sugar Co., that produces one-

half of our domestic beet sugar, to make its present profits. It will soon follow the others, however, when the islands get squarely going. In six years the islands have doubled their imports of free sugar and now produce double the amount of our local production, while Louisiana has lost nearly one-half of its cane-sugar production during that same period and our beet-sugar factories are barely holding even. Beet factories in many States including my own, are now being nailed up, not due to tariff laws, but to free imports that are certain eventually to engulf every mill. Nothing can be more certain when present child-labor conditions in the Great Western mill district are made known to the country, and to Colorado that permits the exploitation of immature children.

Members say to me they have sugar factories in their States and beet growers that need protection. So have I, but I have presented figures and conditions that disclose any added sugar duty will only serve to aggravate the disease and only one course will cure it.

THIS IS THE SUGAR TARIFF SITUATION IN A NUTSHELL

Let me repeat, we annually consume in round numbers 12,000,000,000 pounds of sugar in this country. That averages 100 pounds per capita and the farmers comprise one-fourth of our population. At present prices, sugar is 5 cents per pound. Our beet sugar factories manufacture about 2,000,000,000 pounds, or one-sixth of the sugar we use every year. Louisiana cane is almost insignificant in amount compared with the total. So we must and do import about 85 per cent of all the sugar we use. Of that amount, 4,000,000,000 pounds, or one-third of the total, comes in free of duty from the Philippines, Hawaii, and Porto Rico. The remaining half of all we use, approximately 6,000,000,000 pounds, is imported largely from Cuba. The present sugar tariff rate is \$2.20 per hundred, but because of trade and other close relations, including right to intervene in Cuba, a preferential rate is given by law of 20 per cent, which leaves Cuban sugar paying \$1.76 per hundred to get its sugar into our market in competition with the 4,000,000,000 pounds of island free sugar and 2,000,000,000 pounds of domestic sugar. I have only dealt in round numbers, but in every case I believe they will not vary 5 per cent from exact production.

From the above it will be seen that in this country, as stated, we only produce slightly over 15 per cent of all the sugar we consume and of that amount the Great Western Sugar Co. that produces 500,000 tons, contributes one-half of the output in the 48 States.

That company enjoys enormous profits, as I shall show from its own reports, so the only needy companies in this country are those that produce about 8 per cent of all our sugar, and for their aid we are asked to raise the price to 7 cents and place a load on American consumers of from \$120,000,000 to \$240,000,000 annually. A bare statement of the case discloses the tariff effect of this increase, which is to give 42 per cent of the free sugar producers further extravagant profits in order to aid the struggling 8 per cent who need aid. These combined percentages make 50 per cent of the sugar we consume, one-sixth of which we produce and two-sixths of our sugar which comes in free from our island possessions.

From the above figures, easily verified, it is certain that free sugar from the islands with a higher tariff will be stimulated to greater production and imports to us because of profits under existing law. I am submitting a statement of profits so far as obtainable on important sugar mills here and in the islands in order that others may study the inexorable trend of free sugar mills in the islands in driving out our own sugar business.

Mr. SIMMONS. Will the gentleman yield?

Mr. FREAR. Yes; to my friend from Nebraska.

Mr. SIMMONS. If the gentleman were fixing the tariff on sugar at what figure would he place it?

Mr. FREAR. I would place it, of course, at what we have now, although I would be willing to reduce it and then put through a bounty law, because if you do not do that you are going to lose your mills through free-sugar imports.

Mr. SIMMONS. How does the gentleman arrive at the statement that the cost of the present bill would be \$240,000,000 to the consumer?

Mr. FREAR. If you raise sugar from 5 cents to 7 cents and there are 120,000,000 people you can easily figure it out yourself.

Mr. SIMMONS. Does the gentleman mean the present bill will do that?

Mr. FREAR. It will if it meets the expectation of those who proposed it, and if it does not, then it is of no value at all, or of slight value, to the weak sugar mills.

Mr. SIMMONS. Then we are not to understand that the gentleman means that the present tariff will increase the cost of sugar to the consumer that much?

* 1928-29 are production figures.

Mr. FREAR. No man can tell what this proposed tariff bill will do, but we do know that if you increase the cost of sugar from 5 cents to 7 cents per pound to benefit weak mills by an increased price it will mean \$240,000,000, and if it is increased only 1 cent it will mean \$120,000,000; but while that would add to the consumers' load it will be of little value to the mills that produce 8 per cent of the sugar we use.

FOR ANY MISTAKE IN STATEMENT I AM READY TO APOLOGIZE

Mr. Chairman, the gentleman from Colorado states in his remarks printed in the RECORD that I have made incorrect statements. He states it with undue emphasis. I do not find anything in all my statements to correct nor will I do so unless a mistake has occurred. If so, I am willing to apologize to the House, but from past experience in discussion of Indian affairs and many other questions it has been customary for those who seek to protect existing conditions, however bad, to dispute statements that later were sustained by proper study and investigations. I am sure this sugar situation proves itself.

In fact, I promise that an investigation of child-labor conditions in Colorado and in Chairman TIMBERLAKE's district will sustain every material fact, findings of the Department of Labor and Colorado Agricultural College investigators. This judgment is based on corroborating statements from others.

I do not need to say that the Great Western Co., that produces half of our sugar, will roll up huge profits if the sugar price can be pushed up to 7 cents to aid domestic producers, as urged by Bates and others. But I call your attention to the fact that if we do advance that price to consumers, without any tariff facts on which to base the duty that by a 2-cent raise from 5 cents to 7 cents, the American consumer will pay \$240,000,000 additional every year and the American farmer will pay one-quarter of the amount. This is a session to aid the farmer, and I submit that it will not be observed by giving the Great Western Sugar Co. and island free-sugar interests further and larger profits at the American consumer's expense.

THE GREAT WESTERN CO. AND CHILD LABOR

Under my extension of remarks in the RECORD of May 9 I submitted with other illuminating data extended extracts from the Department of Labor Pamphlet No. 115, entitled "Child Labor and the Work of Mothers in the Beet Fields of Colorado and Michigan." Also other publications from the State of Colorado were quoted, to which I shall briefly allude. This primarily was not to discuss at length a humanitarian factor on an economic problem, although it is of sufficient importance to challenge the attention of Colorado and of the country to labor conditions in Colorado. That is a matter that Colorado must regulate if it desires to do so after the facts have been presented.

The portion with which the American Congress is profoundly interested relates to the economic effect of such labor on the tariff problem before us.

The Great Western Sugar Co. produces 500,000 tons, or one-half of all the beet sugar manufactured in this country. It makes large profits while other factories are going to the wall. Its profits of 45 per cent in 1928 on its common stock that was originally issued as a bonus, free of cost, has been larger in other years as will appear from the statement I am filing herewith. Is it entitled to greater profits and, if so, to what extent will any increased sugar tariff help labor? We assume to give labor the first consideration when fixing tariff rates. Can we do so with sugar?

PROSPERITY BASED ON CHILD LABOR

The Great Western Sugar Co., in addition to its 13 factories in Sugar Chairman TIMBERLAKE's district, practically controls the national as well as the Colorado output. Labor conditions by which it has squeezed its profits from human blood became so notorious that the Government sent an investigator into Weld and Larimer Counties of Chairman TIMBERLAKE's district, and that report of a hundred or more pages is so filled with almost unbelievable, miserable labor conditions that in my extension of remarks of May 9 I disclose a public disgrace.

The sugar schedule is affected by this fact because any increased sugar tariff will only inure to the pockets of the Great Western stockholders for no standard of labor, however low elsewhere in the United States, can compare with that found by the Government expert and State investigators in these counties that produce beets for the Great Western sugar mills. It is impossible for this labor, largely imported for temporary service, to assert itself or get any part of the additional profits to be wrung out of the earnings of the great consuming public that will pay the bills. So this labor is not entitled to especial consideration on which to fix higher sugar rates. My distinguished Colorado colleague whose two counties he represents in Congress have shown such deplorable labor conditions he now says are all right so far as he knows. Possibly different standards actuate us including that of labor conditions.

EXTRACTS THAT CAN BE MULTIPLIED

Let me again quote briefly from the Government's official publication an extract on this child labor as to these two counties in Chairman TIMBERLAKE's district:

Of the 1,073 working children, 571 had already spent more than 6 weeks in the beet fields during the 1920 season, and 61 of them had worked from 12 to 17 weeks. Five children under 8 years of age, 18 between 8 and 9, and 16 between 9 and 10 had worked 10 weeks or more. One-fifth of the laborers' children had worked at least 10 weeks—practically twice as many proportionately as the children of tenant farmers. * * * (p. 20).

Page after page is given to specific cases of child labor in beet fields in Chairman TIMBERLAKE's district.

Four Russian-German children, ranging in age from 9 to 13 years, came to the beet fields with their family the 1st of June. They worked at thinning and blocking for more than three weeks, 14½ hours a day, beginning at 4.30 a. m. They took five minutes in the morning and again in the afternoon for a lunch. They took 20 minutes for dinner. About July 1 they went home, remaining until the middle of the month, when the hoeing began. They spent five weeks, 14½ hours a day, hoeing, and again went home, returning September 21 for the harvest, which lasted four weeks. * * *

A Russian-German family came out from town March 22. In this family were three children working, 12-year-old Frieda, 9-year-old Willie, and Jim, age 7, who worked irregularly. They spent 3 weeks at the spring work, putting in a 12½-hour day; 2 weeks at hoeing for 11 hours a day; and up to the time of the agent's visit had spent about 3 weeks at the harvest, which was not yet finished. All together they worked about 9 weeks, probably very hard, since the 3 children, 1 working irregularly, and 3 adults had cared for 50 acres.

Somewhat similar working conditions were found in a family in which 2 little girls, age 12 and 13 years, with 3 adults, took care of 50 acres of beets. The children had worked altogether 11 weeks, 10 and 12½ hours a day. * * * (p. 24).

Many similar pages I could submit from the official report.

One more extract, this time from the Colorado Agricultural College Series 27, is offered:

Nine children were found working at 6 years of age, 2 of these being children of owner, 3 of tenant, and 4 of contract families. There were 28 children working at 7 years of age, 22 of whom were from the contract family. There were 91 8-year-old workers, 73 of whom were contract children, 11 tenant, and 7 owner. The largest number of workers of any age was at 14, where we found 164. This is not at all significant, as 161 children were working at 12, 155 at 13 years.

More than 1,000 working children of all ages and tenures worked in the handwork of crops an average of 8.3 hours a day for an average of 44 days. This included all children from 6 to 15 years of age, and it included many children who worked for a very short time and for a very few hours per day. * * * (p. 37).

Among the 6-year-olds, one worked 14 hours a day, two 12 hours a day, and one 10 hours a day. (In a State that boasts of its high standards and in a country where American labor and union rules have recognition.) Among the 7-year-olds, one worked 13 hours a day, three worked 12 hours a day, one 11 hours, and five 10 hours a day. Of the 9-year-olds, one worked 14 hours a day, two 13 hours, ten 12 hours, fifteen worked 11 hours, and forty-three worked 10 hours a day. Among the 12-year-olds, seven worked 14 hours, four 13 hours, fifteen 12 hours, twenty-two 11 hours, and sixty 10 hours (p. 38).

This is not my word, but a State expert from Colorado reports these deplorable conditions in his own State.

One more extract I submit from this Great Western Sugar Co.'s philanthropic labor work that asks Congress further to exploit by increasing its present enormous profits. On page 67 I quote:

HERE'S HOW THE WORKERS LIVE

Many of the beet-field laborers' families live under such conditions of overcrowding that all comfort and convenience had to be sacrificed, and no privacy was possible. * * * There were 320 of these families, amounting to 77 per cent of the total number. Only 21 per cent reported less than two persons per room. Almost half were living with three or more persons to a room. One hundred and ninety-one families, averaging 6.6 persons per family, occupied 2-room dwellings. Among them were 94 households of more than 6 members each and 14 of 10 or more each; the latter included 1 household in which there were 2 families and another consisting of 3 families. This means that from 3 to 7 persons had to sleep in each of the two rooms, one of which had to be used as a kitchen and living room. Fifty families, consisting of from 3 to 11 persons per family, lived in one room. One of these households included a father, his son and daughter, each over 16 years of age, a younger child, and a girl over 16 who helped the family with the beet-field work. * * * (p. 67).

THE ONLY CURE

In the official State and Government reports named will be found many like pages.

I do not forget the 8 per cent of our beet sugar and cane production that is struggling along and needs aid, and I have introduced H. R. 1641, that provides for a 2-cent sugar bounty and tariff rate of \$1.50 per hundredweight to meet the cost and leave a large surplus in the Treasury. It was offered to point the way to safety and not to settle details. This would help the 8 per cent, including the Holly, American, and other companies that need help because they will soon be driven out of the field by free island imports. It would not help the Great Western that to-day is fattening off from child labor and that will further fleece American consumers to the limit with a 3-cent duty. Every weak company would be helped by a specific bounty and they are the only ones that need it. My bill makes a reservation of bounty payments prohibiting child labor. Sugar Chairman TIMBERLAKE waxes indignant, or is it some Great Western sugar man who helped on that speech and declared that my bill would penalize a beet grower where children are 15 years of age? Not at all. That could not happen with any bill that will pass Congress, or the bill as introduced.

Of course, he did not state the facts correctly as to the bill, for a limited time to labor was exempted by the bill to children under 16 years, but I meet his criticism by asking, will the Great Western Sugar Co., for which he is spokesman, consent to any age limitation for children in a bounty bill, and will it support a bounty bill? No limitation of profits is asked, but will the Great Western Co. see that child-labor conditions reported by the investigators will not help produce its profits?

Extracts I have quoted show that many children of six years work in the beet fields of the counties of Chairman TIMBERLAKE's district under disgraceful conditions. Will the Great Western Sugar Co. support a sugar bounty bill limiting aid to companies that exempt children under, say, 10 years from producing beets under its contracts? If not, what limit does this powerful company, that seems to own Colorado, demand? I am willing to support any bill that will give reasonable protection to children but not give a bounty to the Great Western Co. now paying nearly 50 per cent on its watered stock, judging from the statement furnished to me.

A BOUNTY WILL PRESERVE, A HIGHER TARIFF HASTENS THE END

Unless a bounty is granted outright like that given by England, the 8 per cent of our weaker mills will be driven out entirely and the Great Western, that makes half our sugar, will also soon find itself driven to the wall by island free imports. Its child labor will enable stockholders to keep going for a while, but the end is as certain as is the hard-hearted policy of this company that now grinds out the life blood of 6-year-old children in its greed for profits. That is the official report.

Mr. TIMBERLAKE. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Not now. Mr. Chairman, I sat here the other day on the second row and listened to the gentleman from Colorado. He had an hour. Never was a word said about myself or about my position, but when I picked up the RECORD I read my name a number of times. Surely the gentleman will now allow me to respond and discuss some facts the House should know. I have the best feeling of friendship for the gentleman. I have known him for years. He is a kind-hearted man and a good friend, but he has 13 great, big sugar mills with all that child labor in his district, and, singularly enough, he is chairman of this House sugar subcommittee that brought in a report for 40 per cent increase to 3 cents per pound. Just stop to think of it, and of a company in his district that made 40 per cent last year on watered stock.

You ask about the 8 per cent, mills that are not prosperous in our own country now. You have 15 mills in Michigan, Mr. HUDSON. We ought to save them. It is the most criminally economic wrong in the world to let them go, but you are not going to save them if you put that 3-cent sugar duty on, for you will so stimulate production in all of the islands faster than ever that it will throw our market over to them with their free imports, and they will drive out all your sugar mills. A 2-cent increase in sugar price proposed means \$240,000,000 annually put onto the consumers of this country. The sugar chemist before the committee says that less than 7 cents per pound will not be of any benefit. But I do believe in protecting the 8 per cent weak sugar mills. I believe that increasing domestic sugar production is a public necessity. How? I have offered a bill that in principle has the indorsement of some of the ablest tariff experts in the country. Three of them say that the bounty question is not only possible but would be certain to give relief and protection. Why? Because it will take only a small amount, relatively, \$35,000,000 at the outside, for the weak mills.

Mr. HUDSON. How does a bounty differ from the tariff?

Mr. FREAR. The gentleman from Michigan asks how does the bounty differ from the tariff? The tariff, if advanced 2 cents per pound for benefit of sugar mills, will increase the cost \$240,000,000 to the people of this country, while a bounty of 2 cents per pound, or \$30,000,000 or thereabouts, can be collected from tariffs placed on imports with a large margin remaining. It will cost less than \$35,000,000 instead of \$240,000,000, and the weak mills will get the benefit from it, and it will not be affected by these free imports. It will give complete protection to local sugar mills. I have a beet-sugar mill in my district. If you raise the tariff so as to increase the price of sugar it will stimulate production everywhere, whereas a bounty will protect the weak mills.

We have increased free imports of sugar in six years 100 per cent. With a higher duty we are going to increase it again, possibly faster than before. How can you compete with free sugar from these islands? A Member suggests, then "we must have a bounty on everything." Well, they are putting on a bounty over in the Senate under the debenture plan now; I do not care whether it is right or wrong in your judgment; it is the only way to save your sugar industry because of free sugar imports from the islands.

That is what they have done in England and that is a situation which confronts you. I have no interest in this matter any more than others who have beet-sugar mills in their districts.

I want at this time to give to the esteemed chairman of this committee, Mr. HAWLEY, all credit any man can have on this floor for the work he has done.

Members of the committee also have been working day and night. These men have brought in the best bill they could agree upon. It is a strong bill, except in this sugar schedule and possibly a few other items.

Remember that the Tariff Commission did not recommend this sugar rate. I can condone the action of any member of the committee that has 13 sugar mills in his district, which manufacture one-fourth of all the beet sugar in the United States, that pay 45 per cent on their product last year, on their watered stock, and whose enlarged investments were all made out of profits. Not one dollar was advanced beyond the original stock. The only thing that I am surprised at in my good friend from Colorado [Mr. TIMBERLAKE] is that instead of making the increase 40 per cent he did not make it 80 per cent. [Laughter.]

Mr. TIMBERLAKE. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. TIMBERLAKE. The gentleman having made all the accusations against me for my interest in this question—

Mr. FREAR. No; I sympathize with him and with every other Member of the House so situated.

Mr. TIMBERLAKE. I acknowledge that interest; but it is not a personal interest to me because of my ownership in these factories, but it is of interest to everybody in the country.

Mr. FREAR. Let me say this, that the gentleman from Colorado has not done differently from what others do under the same circumstances. It is not intended as a reflection on the gentleman personally.

Mr. CROWTHER. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes, certainly, to the gentleman from New York.

Mr. CROWTHER. The gentleman from Wisconsin said that arbitrarily the price of sugar under this new duty would be 7 cents.

Mr. FREAR. No. I said unless it went to 7 cents it would not be of any advantage to weak mills, according to our advice.

Mr. CROWTHER. You mean 7 cents at retail?

Mr. FREAR. Yes.

Mr. CROWTHER. Does the gentleman know what the price of sugar was when the present tariff act was passed?

Mr. FREAR. That has no bearing on it at all, because the entire and only purpose of this sugar tariff increase is to raise the price at retail or to raise the price at the mill so that they can get more money from their sugar. It is not to protect any labor here even by increasing the price. So unless you increase the price it is of no local benefit to the mills, and beet-sugar labor is not considered, judging from renewal contracts of the Great Western Co.

Mr. CROWTHER. Instead of increasing the price, the price of sugar has gradually decreased.

Mr. FREAR. If it went down below 5 cents what would your sugar-mill people and mine do?

Mr. CROWTHER. It ought not to go to 5 cents. If you were in the sugar business you would feel differently about it.

Mr. O'CONNOR of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. O'CONNOR of Louisiana. Did Mr. William Green, the head of the American Federation of Labor, authorize you to state that he did not include sugar when he spoke of agricultural products as being entitled to favorable consideration in the preparation or correction of a tariff bill?

Mr. FREAR. He said sugar was not intended by him. Two different gentlemen inserted his statement in the RECORD to the effect he approves the sugar tariff boost.

At this point I insert a letter that is self-explanatory and is in direct denial of the effect of a purported interview read by the gentleman from Utah [Mr. COLTON] during the remarks on sugar by Mr. TIMBERLAKE on Friday, and also of the same article inserted but not read in Chairman TIMBERLAKE's remarks. It is as follows:

MAY 13, 1929.

HON. JAMES A. FREAR,
House Office Building.

DEAR MR. FREAR: On May 3 you showed me a release sent out by the United States Beet Sugar Association bearing across the top the following caption: "The 'consumer' and the sugar tariff; statement of William Green, president the American Federation of Labor." This release contained various statements attributed to Mr. Green on farm relief, followed by two paragraphs adapting these statements on farm relief to the sugar schedule.

At your suggestion I arranged to see Mr. Green. I called on him at his office on May 4 and showed him a copy of this release sent to Members of Congress by the Beet Sugar Association. After reading it Mr. Green said:

"I had no tariff schedule in mind when I made those statements. I referred only to farm relief in general. You may say that I did not know that these statements were circulated in connection with the tariff on sugar until you called my attention to it."

After some further conversation, I reduced Mr. Green's statement to writing in his presence and read it to him and received his permission to transmit it to you and other Congressmen who are interested in this matter.

Very truly yours,

GLADYS MOON JONES.

THE POSITION OF PRESIDENT GREEN

Let me say further at this point that no man occupying the distinguished position of president of the American Federation of Labor would for one moment approve or countenance the labor conditions in the beet fields of Colorado as disclosed by the Bureau of Labor experts and also by the Colorado Agricultural College.

No one occupying the position of President William Green will be found excusing the employment of children from 6 to 10 years of age, hundreds of whom are working in the beet fields every summer in the second Colorado district represented by chairman of the sugar schedule, Mr. TIMBERLAKE.

I have expected and hoped that a trumpet blast would come from the distinguished president of the American Federation of Labor denouncing such conditions and the attempt of the Great Western Sugar Co. to put over a 40 per cent increased tariff burden upon the millions of industrial sugar consumers of the country. He is a busy man and presumably has not given much thought to the subject, but I challenge anyone, either within or without labor circles to find an example of labor conditions in this country that will parallel those disclosed by me in my remarks on Mexican and child labor placed in the RECORD of May 9.

Child labor and the labor of helpless women in the beet fields deriving a pittance, working from 10 to 12 hours a day as shown by these reports and living in hovels, sometimes 10 or more people in a single room, are conditions that call for denunciation from every labor leader in the country.

I am sure that none of them will countenance such conditions, so sure in fact that I am willing to contribute money, proportionate to my limited income, toward relieving the awful conditions disclosed by these reports in a letter from ex-Congressman Kindel attached and similar communications, if any prominent labor leader can be found to approve such conditions.

The letter of our distinguished former colleague, Mr. Kindel, whom many of us remember, dated May 9 of last week, states that \$116,000 was paid in one year by grocer merchants for food doled out to indigents of Weld County, Colo., one of the sugar-beet counties of the Great Western Co. investigated by the Labor Bureau agents. He speaks of a community chest that is helping aid these people.

Again I offer to contribute as much as my friend from Louisiana [Mr. O'CONNOR] or any other Member of the House in proportion to our financial abilities, toward aiding these

people in Weld County, providing that a statement be had from any of labor's leading champions that defends the sugar schedule recommended by Chairman TIMBERLAKE and is now before the House for consideration.

I have offered a resolution for a congressional investigation of Colorado labor conditions to ascertain if the Department of Labor and Colorado Agricultural College have unconsciously misstated conditions in their reports from which I quoted in my remarks of May 9. As these disgraceful conditions are charged to exist in the district of my distinguished friend, Sugar Chairman TIMBERLAKE, I ask his support of the resolution for a congressional investigation. If not, may we hope for it in the Senate when this bill reaches that august body for consideration.

Now I can not conclude without briefly discussing the absolute injustice of any sugar tariff schedule of 3 cents or of 2.40 cents per pound for Cuba—not alone for Cuba but for our own Government.

President Harding asked the Tariff Commission for a report on a just sugar duty for Cuba. This I understand was because Cuba furnishes practically all of our imported sugar.

WHY NOT FOLLOW EXPERT TARIFF ADVICE?

A sugar report made by a majority of the commission recommended a duty of 1.23 cents per pound. Two minority members of the Commission found for a duty of 1.85 cents, but under a decision of the Attorney General of the United States as to factors necessary to use in determination it is contended in an American (not Cuban) publication before me, prepared by tariff experts, that the 1.85-cent rate with such legal deduction should have been 1.09 cents per pound, or less than the rate found by the majority.

The Institute of Economics conducted an investigation that found a just duty in 1923 to be 1.25 to 1.50 cents per pound—practically the same result. This was based on difference in cost of production and I am confident from child-labor conditions in Colorado and elsewhere that no material change exists because in all my experience in sugar fields in any of the islands I never saw little children at work in the fields.

I submit then that a sugar tariff rate of 1.50 cents per pound with a 20 per cent preferential for Cuban sugar is all that justly should be exacted from the American consuming public.

WHO IS RESPONSIBLE FOR THE 3-CENT SUGAR RATE?

How did the subcommittee agree on a 3-cent rate? I can not state what occurred in executive committee sessions, but I can state that I challenged and offered to furnish data to dispute and disprove the advice and statements of Doctor Bates, chemist, who seemed to be the sole adviser followed on the sugar schedule. No partisan attorney could have been more biased in my judgment.

He certainly did what the Great Western Sugar Co. wanted. He was not and is not a tariff expert or connected with the Tariff Commission. He is a chemist and a willing one. Bates, the chemist, was before the Senate committee when the McCumber-Fordney bill was considered. When challenged by a reporter for his evident bias on the molasses and sugar schedule he is alleged to have said that his bureau needed appropriations and it was certain to secure liberal aid from Senators interested in the sugar schedule rather than from others. That statement to me was far more specific, but I give the substance as to the man who aided the House sugar committee, of which Mr. TIMBERLAKE is chairman. In every other case we followed the advice of tariff experts in fixing tariff rates. Bates was the chief adviser so far as I could learn when the sugar rate was agreed to by the divided committee. Who called him and why, when fixing tariff rates? It is almost as interesting a circumstance as the reason why my friend Mr. TIMBERLAKE was chosen chairman of the sugar schedule.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman permit just one question?

Mr. FREAR. All right. I yield to my colleague from Wisconsin.

Mr. SCHAFER of Wisconsin. The last tariff increase that the gentleman, Mr. CROWTHER, spoke about did not result in an increased cost of sugar to the consumer. Did it result in an increased price to the farmer for his sugar beets?

Mr. CROWTHER. It did bring him some relief, but not so much as he deserved.

Mr. GARNER. So far as the gentleman from Wisconsin referred to the gentleman from Colorado [Mr. TIMBERLAKE], he said he did not blame him, on account of his surroundings.

Mr. FREAR. I have never done that; but I do not blame him at all to the extent he properly represents his constituents. He must decide that for himself.

Mr. GARNER. I want to ask the gentleman in that connection whether in the consideration of the tobacco schedule that

was the reason he did not increase the duty on tobacco for the tobacco growers in the States of Georgia and Florida—because the tobacco growers in his State did not want it done?

Mr. FREAR. Not at all; that did not have anything to do with it. I did not have anything to do with the tobacco schedule but only voted on the general report. However, I do know this: That when the question of Angola goats came up we voted unanimously to follow the leader on the Democratic side in its continued protection. [Laughter.]

Mr. GARNER. But was the gentleman from Wisconsin influenced by the same reasons and by the same motives that influenced the gentleman from Colorado when he declined to give a duty on tobacco—because his State did not want it?

Mr. FREAR. Not in the slightest, because I went in on the committee so late that I did not know what was going on with reference to tobacco.

Mr. GARNER. So the gentleman from Wisconsin is an exception to all the Members here and is the only pure article?

Mr. FREAR. The gentleman from Texas will soon reach the same stage, I hope.

Mr. PATTERSON. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. PATTERSON. I wish the gentleman would put in the RECORD how many people are engaged in the labor of producing sugar in this country.

Mr. FREAR. Well, it is mainly Mexican and child labor. I have given some data in my speech of April 20.

THE REAL SUGAR ISSUE

Before submitting several illuminating financial reports of sugar companies here and in the islands, including a long specific report of the Great Western Sugar Co. disclosing its enormous profits that do not synchronize with soft pedaling by my friend from Colorado, I wish to say that I have furnished specific official data regarding child-labor conditions in the gentleman's own district that have strongly challenged the attention and scorching reports from both Federal and State Government agencies. I have likewise furnished specific data showing great profits of his largest constituent, the greatest sugar producer on the continent.

If he denies these, I am content to say he is certainly mistaken as to facts in his own district. By a maze of immaterial sugar data sounding familiarly like Bates in its irrelevant attacks on Cuba, the chairman of the sugar schedule has nearly covered up the real issue as to why he and Bates fixed a 3-cent rate and what its effect will be on the American consumer.

If the investigation asked for in my resolution regarding child-labor conditions in Colorado is had either by the House or Senate, jointly or separately, it might also be ascertained why the Great Western Sugar Co., that manufactures one-half of all the beet sugar of the United States and makes 45 per cent profit on its common stock, now asks for 40 per cent increased tariff rates from Congress.

If it is proper further to inquire, then I ask why the gentleman from Colorado, chairman of the sugar schedule, in whose district are over half the sugar mills of the Great Western Sugar Co., why has he only asked 40 per cent increase in sugar rates for his chief constituent? This will add millions of dollars annually in profits to this one company in his district by its raise in sugar price, but why not 50 per cent or 100 per cent increase? Who fixed that rate, and why?

Seven-cent sugar, discussed by Bates, should double the profits of this one company that produces one-half of all our beet sugar and over one-half of its output from 13 mills in the district represented by my distinguished friend from Colorado, chairman of the sugar schedule. In other words, one-quarter of all the beet sugar produced in all the 48 States comes from a single district of Colorado.

THE HIGHEST SUGAR TARIFF EVER KNOWN

By Chairman TIMBERLAKE's action, and that of Bates, who obtains funds best from the sugar powers in Congress for his bureau, the sugar tariff has been boosted higher than in all history, and the Great Western Sugar Co., that made 45 per cent on its common stock last year, will reap many additional millions annually from the boost. The effect of the tariff raise on the weaker mills, due to a flood of island free imports against which they can not compete, will only be to shortly prolong the agony. It can not remedy their troubles. They need direct help and that is clearly due them if they are to exist.

Personally, I am ready to believe the entire chapter of vastly important sugar occurrences I have mentioned, and more that may follow, are mere coincidences. The sugar chairmanship from the second Colorado district; over one-quarter of American sugar production from the second Colorado district; the deplorable child-labor conditions found by Federal and State officials in the beet fields of the second Colorado district; profits of 45

per cent last year alone by the Great Western Co. with its greatest sugar production of one-quarter of the country's total coming from the second Colorado district; Bates, the directing tariff chemist, who finds sugar in more ways than one useful in congressional contacts; an unprecedented high sugar rate adopted without tariff advice from the Tariff Commission that reported a far lower rate; a 40 per cent boost that will add millions annually to the Great Western Sugar Co.'s profits. All these circumstances I am ready to believe accidental and abide by the result without protest, provided the sugar schedule so strangely recommended by Chairman TIMBERLAKE, of the second Colorado district, and adopted after protest by a divided committee vote is submitted to the House for its decision.

Any other course under such surroundings will not alone invite close scrutiny from the Senate but serve to prejudice the country against misrepresentation in a body that under the Constitution is supposed to be representative of the people.

I am content with the action of the House whatever it may be. If due to other interests in the bill or for any reason the House ignores the facts it should at least have a voice in the decision.

I am not willing to remain silent otherwise while 120,000,000 people are being unjustly mulcted by this great Colorado sugar company that sweats the lifeblood from infants 6 to 10 years old in order again to sweat unpardonable profits from the public.

HOW ARE THESE FOR PROFITS?

The Great Western Sugar Co. that demands 40 per cent higher tariff rates has made enormous profits under existing rates, according to a statement furnished me at my request in order that the House might have the facts and not street opinions on the subject.

PROFITS OF THE GREAT WESTERN SUGAR CO. THAT PRODUCES ONE-HALF OF OUR DOMESTIC SUGAR

A study of the financial operations of the Great Western Sugar Co. reveals an amazing story of profits and dividends of a company protected by an unduly high tariff.

When the company was organized in January, 1905, its authorized capital stock consisted of \$30,000,000, composed of \$15,000,000 7 per cent preferred stock and \$15,000,000 common stock of a par value of \$100 per share.

Of the preferred stock \$13,630,000 was sold at the time the company was formed in 1905; the balance, \$1,370,000, was not sold until July, 1922. The company has never failed to pay 7 per cent per annum regularly on the preferred stock since its initial dividend in 1905.

No common stock was sold. One hundred and five thousand four hundred and forty shares were issued as a bonus to purchasers of preferred stock at time of organization. In December, 1916, the outstanding common stock was increased from 105,440 shares to 150,000 shares by a stock dividend of 42 per cent. In October, 1922, the par value of the common stock was reduced from \$100 to \$25 per share, and the stock split up on the basis of four new shares for one of the old. In July, 1927, the \$25 par value of the stock was changed to no par value stock and again split up on the basis of three shares for one. In other words, the original holder of one share (bonus) common stock would have 1-42/100 shares in December, 1916, 5-17/25 shares in October, 1922, and 17 shares in July, 1927. At around to-day's price (\$40, May 7, 1929) the market value of these 17 shares amounts to \$680.

While the common-share holders were profiting by stock dividends and "split up," it must not be lost sight of that they were also the beneficiaries of huge dividends, as the following table shows:

Dividends paid per share on 105,440 shares originally issued as bonus to preferred-stock purchasers

Fiscal year ending Feb. 28—	Dividends paid per share, common
1910	\$1.25
1911	5.00
1912	5.00
1913	5.00
1914	5.00
1915	5.00
1916	6.50
1917	7.46
1918	68.28
1919	60.86
1920	66.86
1921	66.86
1922	8.53
1923	5.69
1924	22.76
1925	45.53
1926	45.53
1927	45.53
1928	46.66
1929	47.80
Total	577.10

The above dividends are exclusive of the 7 per cent that was paid regularly on the preferred stock.

The total amount in dividends paid out by the company is tremendous when one considers that the actual cash investment in the company was only \$15,000,000. The average cash investment, though, is less—amounting to \$14,000,000—as the company originally started with \$13,630,000, and it was not until July, 1922, when the additional \$1,370,000 was invested by an additional sale of preferred stock.

In the period of 24 years since the company was formed it has paid out on its preferred stock a regular annual dividend of 7 per cent, or a total of \$23,521,750

In the same period it has paid out to the holders of its common stock (who received this stock as a bonus and paid nothing for it) dividends of 60,850,660

Or total dividends of 84,372,410

The original 105,440 shares common stock, which were given as a bonus to preferred stockholders, have been converted into 1,800,000 shares by stock dividends and "split-ups." This new stock has a market value of \$40 per share (May 7, 1929), or a total value of 72,000,000

Making a total profit (on an investment of \$15,000,000) of 156,372,410

Or approximately \$1,042.48 for each \$100 invested, equivalent to an average yearly return and appreciation of \$43.43 for each \$100 invested for the past 24 years, since the company was started.

Parenthetically stated, child labor did not get any of these dividends.

The following table is illuminating as to the yearly dividends paid on the \$15,000,000 investment:

	Total dividends paid during year	Common dividends	Preferred dividends
Fiscal year ending Feb. 28—			
1906	\$954,100		\$954,100
1907	954,100		954,100
1908	954,100		954,100
1909	954,100		954,100
1910	1,085,900	\$131,800	954,100
1911	1,481,300	527,200	954,100
1912	1,481,300	527,200	954,100
1913	1,481,300	527,200	954,100
1914	1,481,300	527,200	954,100
1915	1,481,300	527,200	954,100
1916	1,639,460	685,360	954,100
1917	1,741,600	787,500	954,100
1918	8,154,100	7,200,000	954,100
1919	8,004,100	7,050,000	954,100
1920	8,004,100	7,050,000	954,100
1921	8,004,100	7,050,000	954,100
1922	1,854,100	900,000	954,100
1923	1,602,050	600,000	1,002,050
1924	3,450,000	2,400,000	1,050,000
1925	5,850,000	4,800,000	1,050,000
1926	5,850,000	4,800,000	1,050,000
1927	5,850,000	4,800,000	1,050,000
1928	5,970,000	4,920,000	1,050,000
1929	6,090,000	5,040,000	1,050,000
Total	84,372,410	60,850,660	23,521,750

It is of interest to note the tremendous rise in dividends during the fiscal years starting March 1, 1917, and ending February 28, 1921. It can be easily recalled that 1917 and 1918 were the war years. It was in 1919 when the Government released its control of sugar, and from then on into 1920 the price started to soar upward to 25 cents a pound. Not only did the price of sugar climb but the dividends paid by the company became record-breaking. In the eventful year of 1920 the Great Western Sugar Co. had a net income of around \$11,500,000. This figure was exceeded in the fiscal year beginning March 1, 1917, which was the war year, when a net income of \$12,335,000 was reported.

When organized the Great Western Sugar Co. operated 6 beet-sugar factories with a slicing capacity of 5,600 tons of beets daily. These mills were all in the State of Colorado. To-day, the company owns and controls 21 beet-sugar factories, with a slicing capacity of 33,000 tons of beets daily. It not only operates in Colorado but has expanded into Nebraska, where it operates six mills, and in Montana and Wyoming, where it operates one factory each. From a small beginning in 1905 it now produces about 50 per cent of the entire United States beet crop. This tremendous expansion was all paid out of earnings of the company. While this expansion was going on dividends were also being paid. The expansion program continues—a new factory is being built at Wheatland, Colo., which is expected to be ready for the next season.

In the past 12 years the company has expanded from a production of around 5,000,000 bags of sugar to over 10,500,000 bags, an increase of over 100 per cent, while the entire beet-sugar industry in the United States, for a similar period, has only

expanded from a production of 15,300,000 bags of sugar to 21,600,000 bags, an increase of a little over 40 per cent. To-day, as stated, the company produces about 50 per cent of all the beet sugar produced in the United States, and all this expansion was paid out of earnings of the company without affecting its generous dividend policy.

For the last 12 years, for which data is available, the Great Western Sugar Co. produced 83,796,286 bags of sugar, 100 pounds to the bag. During this same period the net income as reported by the company was \$76,405,590, or a profit per pound of 0.9118 cent. The dividends paid during this period were \$68,682,550, equivalent to 0.8196 cent per pound of sugar manufactured. The average tariff on refined sugar, in effect during the past 12 years, was 1.5997 cents per pound. Should the average tariff on refined sugar have been reduced by 0.57 cent per pound—this 0.57 cent is the reduction recommended by the United States Tariff Commission in its report to the President—the net income of the company for the past 12 years would be reduced from \$76,405,590 to \$28,642,000, equivalent to 184 per cent on the preferred stock for the 12-year period, or a little over 15 per cent per annum. Allowing for a regular 7 per cent dividend on the preferred stock for the 12 years—\$12,600,000—there would still remain over \$16,000,000 available for the common stock, which was given as a bonus to preferred stockholders, equivalent to 106½ per cent for the 12-year period, or an annual return of 8.89 per cent on the original \$15,000,000 common stock, which was the bonus to preferred shareholders.

I have asked for this detailed statement because of repeated denials of profits, child labor, and other interesting facts. I submit if this statement is correct, and I believe it to be so, then it gives a record of high financing in Colorado that is rarely equaled in this country.

Does this company that has one-half of its great mills in Chairman TIMBERLAKE's district need a higher tariff to further increase its profits of 45 per cent last year?

HERE IS A GRAPHIC STATEMENT OF PROFITS AND LOSSES

Evidence of the prosperity, or lack of it, of the leading sugar companies in Cuba, south Porto Rico, Hawaii, and in the domestic beet fields is given in the accompanying table, which was prepared from available statistics. A similar study of the Philippine companies was not made because of the unavailability of accurate information; nevertheless, it is known that the Philippine companies have enjoyed large profits.

In order to find a common ground of comparison, it was decided to take \$1,000 worth of common stock, purchased January 31, 1921, in each of the companies studied, and sold April 19, 1929. The profits and losses accruing to the buyer are calculated by taking into consideration not only the sale value of the stock, but also the sale of rights and the cash dividends received.

The table shows that purchasers of—

\$3,000 worth of common stock purchased in 3 Cuban companies with an annual production of slightly less than 1,000,000 tons lost over the 8-year period—\$1,450.35

\$10,000 worth of common stock purchased in the south Porto Rican, Hawaiian, and domestic companies studied made a net profit over the 8-year period of—10,485.15

It should be apparent from the table that the domestic beet, the Porto Rican and the Hawaiian companies, which are demanding an increase in the tariff, have prospered under the present tariff of 1.76 cents; while the Cuban companies have lost heavily as a result of this tariff.

In the accompanying table—when the stock was not listed—the asked quotation was used on the date nearest to January 31, 1921.

Where no market quotation was available for the sale of rights, the theoretical figure was used.

When no sales figures were available the bid quotation of April 19, 1929, was used.

Comparison of common stocks of sugar companies

Company	Annual production	Cost Jan. 31, 1922	Sale of rights	Cash dividends received	Stock sale Apr. 19, 1929	Gain (+) or loss (—)
Cuba Cane	511,329	\$1,000.00	\$0.87		\$163.04	—\$836.09
Cuban American	264,521	1,000.00		\$406.78	388.31	—194.91
Punta Alegre	179,163	1,000.00		215.05	365.60	—419.35
		3,000.00	.87	621.83	926.95	—1,450.35
South Porto Rico	113,609	1,000.00	38.91	519.75	2,091.36	+1,650.00
Fajardo	42,586	1,000.00	4.41	1,047.06	976.47	+1,027.94
Central Aguirre Associates	58,744	1,000.00		962.69	2,686.57	+2,649.26
		3,000.00	43.30	2,529.50	5,754.40	+5,327.20

Comparison of common stocks of sugar companies—Continued

Company	Annual production	Cost Jan. 31, 1922	Sale of rights	Cash dividends received	Stock sale Apr. 19, 1929	Gain (+) or loss (-)
Great Western.....	469,520	\$1,000.00	-----	\$787.20	\$1,800.00	+\$1,587.20
Holly Sugar.....	82,080	1,000.00	-----	-----	438.20	-561.80
American Beet Sugar.....	71,363	1,000.00	\$5.68	227.27	363.64	-403.41
		3,000.00	5.68	1,014.47	2,601.84	+621.99
Ewa Plantation.....	44,961	1,000.00	-----	1,153.57	1,857.14	+2,010.71
Hawaiian Commercial and Sugar.....	56,531	1,000.00	-----	636.36	1,250.00	+886.36
Hawaiian Sugar.....	26,785	1,000.00	-----	783.33	1,277.78	+1,061.11
		3,000.00	-----	2,573.26	4,384.92	+3,958.18

¹ Farr & Co. says this company is capable of producing 26,785 long tons annually.

In all cases of production, long tons are used.

When the stock was not listed the asked quotation was used on the date nearest to Jan. 31, 1921.

Where no market quotation was available for sale of rights, the theoretical figure was used.

When no figures for sale of stock on Apr. 19, 1929, were available, the bid quotation was used.

ANOTHER COLORADO WITNESS

A Colorado letter from a former distinguished Member of Congress is received and I quote from that portion which relates to the sugar subject and to the employment of Mexicans in the sugar-beet fields by the Great Western Sugar Co. contractors in Colorado.

Therein ex-Congressman Kindel states that \$116,000 was paid by Weld County, the conspicuous child-labor county in Mr. TIMBERLAKE's district, for food supplies to indigents during the winter months. The letter is offered for what it contains.

DENVER, COLO., May 9, 1929.

HON. JAMES A. FREAR,
Washington, D. C.

MY DEAR CONGRESSMAN FREAR: I note with interest your attitude in the matter of the sugar tariff, and on the whole I cordially approve it. * * *

Now, as to sugar, the principal employees, doing the drudgery of the beet fields in Colorado, are Mexicans and other inferior foreign laborers who are lowering the standard of human values, are undertaken to be supplied by the "field man" of the Great Western Sugar Co., relative to whom an illuminating fact is that the community chest (Denver) cares, in part at least, for 8,000 Mexicans in winter and 3,000 in summer in this city, which information I gleaned from the charity organization since the receipt of your letter, and, furthermore, Weld County, which is our largest county in agricultural area, paid within one fiscal year (only a year or two ago) some \$116,000 to grocer merchants for food supplies doled out by them to indigents during the winter months, according to a statement made by Mr. Charles Finch, a prominent farmer of Eaton, Colo., to my attorney here on his visit to the stock show last January. The indigents, he said, were mainly Mexicans; and I am writing for confirmation of the statement in its entirety (of which I do not doubt).

I inclose current financial statement of the Great Western Sugar Co., which shows great opulence—in part fostered by the community charity shown—and also a monster gorging in comparison to the farm community hereabouts in general, in which connection I would state that vast areas of dry lands pay more annual taxes than same can be rented for, or otherwise made to yield. And I have definite information that a brother of Congressman GARNER, of Texas, who resides in the southern part of this State, can confirm that statement of his own personal knowledge and experience.

Under all the circumstances—of course, not pretended to be recited herein—it seems a shame, if not crime, to raise the duty on sugar; and in this connection a quotation made by Senator Reed of Missouri in his last year of service seems appropriate: "Shall statesmen vaunt their shame and call it fame?"

I glory in the fact that you continue to follow the maxim that "the greatest good to the greatest number is the supreme law." More power to you—and with the kindest personal regards and best wishes, I am,

Cordially,

GEORGE J. KINDEL.

P. S.—As I suppose you know, much data can be had relative to laboring conditions in the beet fields from the report of Thomas J. Miller, United States Department of Labor, and also from H. L. Kerwin, director of Division of Conciliation, United States Department of Labor.

SUGAR WITNESSES FURNISHED BY MR. TIMBERLAKE

The brief of the United States Beet Sugar Association, submitted by Stephen H. Love, president, and Harry Austin, secretary, filed with the Ways and Means Committee, contradicts the statement that an increased sugar tariff will encourage greater production of sugar within continental United States.

So disproportionate are the benefits of any protective tariff which would place the American farmer on the same basis as the oriental farmer of tropical islands, even 10,000 miles away, that the domestic producer can not long continue to meet this competition, though adequately protected against other foreign nations. (Brief, p. 3333, hearings before Ways and Means Committee.)

Decline of agriculture and industry thereon dependent may easily occur within a tariff wall designed for domestic production.

For purposes of argument, it is obvious that a duty on foreign sugar might be fixed so high that the entire supply required by the United States might be produced in sources technically under the American flag from the standpoint of possession.

Under such conditions practically no sugar would be produced in continental United States, since it could be produced so much cheaper in the Philippines, and even in Hawaii or Porto Rico.

Even more definitely is the testimony before the Ways and Means Committee (p. 3331) of Mr. W. D. Lippitt, vice president and general manager of the Great Western Sugar Co., who also represented the United States Beet Sugar Association at the hearings.

Asked by Congressman TIMBERLAKE whether "it was impossible to increase the production of sugar in this country to meet our demands, regardless of what tariff was imposed," Mr. Lippitt testified:

I think that the increase in continental beet production would be relatively slow. I differ materially with many of the witnesses who have testified to-day on that point. (These witnesses asserted continental United States could, within a few years, produce all the sugar we consumed.) I doubt that any reasonable tariff would permit us to expand the industry in any reasonable period of time to supply our own requirements. I think, even under such an increase as has been suggested (2.40-cent tariff on Cuban raws) that our increase in production, our expansion in continental United States, would barely keep pace with the increase in consumption; and unless the Philippine question of limitation is handled along with this and made a part of it I doubt if we can increase at all.

There can be no question that Mr. Lippitt is right, that a 2.40-cent rate will be useless to domestic beet growers because of free imports. A 10-cent rate would be equally valueless and only hasten the demise of our domestic beet industry.

MEXICAN LABOR

An article by S. J. Holmes, of California, appears in the North American Review for May, entitled "Perils of the Mexican Invasion," which is too long to discuss carefully; but I call attention to one or two paragraphs that bear out the reports of the Department of Labor and also of the Colorado Agricultural College and letters that I have printed herewith:

According to the reports of the Commissioner General of Immigration, the influx from Mexico previous to 1900 was insignificant in amount, never rising to 1,000 per annum and seldom exceeding 500. In 1908 the recorded number suddenly shot up from 915 to 5,682. In the following year it became 15,591 and then increased by leaps and bounds, reaching its climax in 1924 with a figure of 87,648. The numbers for 1925, 1926, and 1927 were 32,278, 42,638, and 66,766, respectively. * * * (p. 615).

Cases of acute distress due to the wholesale discharge of American workers and the employment of Mexicans at a lower wage are by no means rare. The commander of an American Legion post in a prominent town in Texas stated that he had "recently attempted to place some ex-service men in employment on the farms * * *" (p. 618).

The president of the Humanitarian Heart Mission writes on conditions in Denver, as follows: "The sugar-beet company employs the very poorest and most ignorant Mexicans with large families; brings them to Denver, working them in the beet fields until snow flies. These unfortunates then congregate in Denver with \$15 or \$20 to keep a large family and no possible means of support by labor through the winter season." A Mexican slum district is coming to be a common feature of our southwestern cities. In the so-called "bull pens" of San Antonio, according to G. P. Nelson, "you will find barefooted and ragged children, dirty men and women, living in the filth, mud, and dirt in the most deplorable and dilapidated shacks. * * * (p. 619).

A report of the California Commission on Immigration and Housing made to the governor in 1926 states, "The Mexicans as a general rule become a public charge under slight provocation and have become a great burden to our communities. In Los Angeles the outdoor relief division states that 27.44 per cent of its cases are Mexicans. The bureau of Catholic charities reports that 53 per cent of its cases are Mexicans, who consume at least 50 per cent of the budget" * * * (p. 620).

Every reputable publication that has reached my hands is to the same effect. Again I repeat that no labor leader in this country familiar with conditions described in the beet fields of Colorado will be found to support this feature of the bill, that with Mexican and child labor produces one-half of all the beet-sugar output of the United States.

Any additional tariff will not help the beet grower but will be used largely to swell the profits of the Great Western Sugar Co.

This situation is squarely presented to Congress and there can be no answer offered that will justify the tariff rate of 3 cents recommended by Chairman TIMBERLAKE.

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Maine [Mr. Snow].

Mr. SNOW. Mr. Chairman and Members of the House, I am a new Member from Maine, and have been hearing from home. My district is the largest agricultural district in the New England States and is completely up in arms. Aroostook County alone produces nearly one-tenth of the potatoes grown in the United States.

The present tariff on potatoes is 50 cents per hundred pounds. An increase was asked. No change was made. I have been swamped with telegrams of protest for several days and they are still coming. I appear here not as a critic of the Ways and Means Committee but as a Member of this House appealing to every other Member of this House for help and assistance.

The potato situation in Maine to-day is distressing and acute and I can best give you an idea of this condition by reading to you a few of the many telegrams received as they cover to an unusual degree all the various phases of the situation.

I desire to read the following telegrams:

FORT FAIRFIELD, ME., May 10, 1929.

Hon. DONALD F. SNOW,
Washington, D. C.:

Proposed tariff without increase of duty on potatoes means serious setback to American potato farmers who hoped for increase so that Canadian acreage would be reduced to where it was five years ago. Imports from Canada are right now so heavy as to weaken and make lower our potato market, which has been only netting half cost of production. Past eight months Canadian potatoes have been consigned to our sea-board ports and placed on our markets regardless of price, and this competition is not possible for our growers to meet. Where is the protection pledged to American farmers by Republican platform? American potato farmers have nothing else to hope for in proposed farm-relief program except the help that increased tariff will give. They will always have their overproduction problems to solve without any imports from other countries. They and not the importers are entitled to favorable consideration.

MAINE POTATO SHIPPERS & GROWERS (INC.),
By A. B. WACHLIN, Secretary.

VAN BUREN, ME., May 10, 1929.

Hon. DONALD F. SNOW,
House of Representatives, Washington, D. C.:

If the Maine farmer is to continue to exist, should have protection on his produce. Potatoes the largest most stable crop. Canadian competition, low tariff, driving men from farms. Adequate protective tariff absolutely necessary.

A. E. HAMMOND.

CARIBOU, ME., May 10, 1929.

Congressman DONALD F. SNOW:

United States potato growers have lost \$200,000,000 this season. Eastern markets now flooded with foreign potatoes. We need increased tariff to stabilize market.

J. C. BRIGGS,
President Maine Potato Growers & Shippers Association.

FORT FAIRFIELD, ME., May 10, 1929.

Hon. DONALD F. SNOW,
Washington, D. C.:

We need the protection pledged and promised to American farmers by Republican platform. Increase in potato tariff vitally necessary to protect potato industry from Canadian competition.

GEO. S. SOLOMAN,
CARIBOU, ME., May 10, 1929.

Congressman DONALD F. SNOW:

Platform promised farm relief. We do not ask a subsidy but increased tariff on potatoes.

H. O. SPENCER.

PRESQUE ISLE, ME., May 10, 1929.

Representative DON. F. SNOW,
House Office Building:

The only thing that will save the farmers of Aroostook County is an increased tariff on potatoes. Potatoes selling at a loss all winter. May 1 reached \$2 per barrel. Canada flooded our market this morning, selling easy at \$1.40 barrel, and unless Aroostook County farmers get some relief they will be bankrupt.

L. S. BEAN.

VAN BUREN, ME., May 10, 1929.

Hon. DONALD F. SNOW,
House of Representatives:

Important tariff on potatoes should pass; being flooded with Canadian potatoes.

FLORENT A. SANFACON.

PRESQUE ISLE, ME., May 10, 1929.

DONALD F. SNOW,
Member of Congress, Washington, D. C.:

We need more protection on potatoes. Canada has flooded our markets during the last two weeks and stopped our shipping. Our farmers in serious condition. Cost of production has more than doubled since any increase in tariff on this commodity. Try and help us.

A. J. LIBBY.

HOULTON, ME., May 10, 1929.

DONALD F. SNOW,
Washington, D. C.:

Present market being ruined by Canadian importation potatoes, which clearly shows necessity for increased tariff in order that Maine farmers can recover from their present deplorable financial condition. Patten farmers urge you do your utmost to secure such increase. Show this telegram to rest of Maine delegation.

H. M. CUNNINGHAM.

HOULTON, ME., May 10, 1929.

DONALD F. SNOW,
House of Representatives:

Immediate increase duty only means saving Aroostook farmers from bankruptcy. Please use your best efforts.

ARTHUR O. AND FRED L. PUTNAM.

PRESQUE ISLE, ME., May 10, 1929.

DONALD F. SNOW,
House of Representatives:

Prince Edward Island intends to increase potato-plant acreage as result of no tariff provision.

H. C. SANDS.

FORT FAIRFIELD, ME., May 10, 1929.

DONALD F. SNOW,
House of Representatives, Washington, D. C.:

We, as potato growers, feel that under the Republican platform of 1928 we should receive some help under tariff revision. Potatoes have sold at big loss several past years largely account of our Canadian neighbors. They are watching your movements at this time as regarding their 1929 plant. We therefore pray that something beneficial will come to us at this time.

D. W. HAINES.

MARS HILL, ME., May 10, 1929.

Representative DONALD F. SNOW:

Aroostook County can not compete with Canada under present tariff.

COLBATH & ANDERSON.

BANGOR, ME., May 13, 1929.

Congressman D. F. SNOW:

We consider it most important and vital to Maine that increased duty on potatoes be provided in tariff revision.

RICE & MILLER CO.

PRESQUE ISLE, ME., May 10, 1929.

Hon. DONALD SNOW,
House of Representatives:

Canadian potatoes flooding our markets. Do all possible bring about increased duty this commodity.

F. T. KIERSTEAD.

CARIBOU, ME., May 10, 1929.

Congressman DONALD F. SNOW:

Your platform promised farm relief. Give us the duty we asked for on potatoes.

E. W. RUSS.

CARIBOU, ME., May 10, 1929.

Congressman DONALD F. SNOW:

Potato growers from 43 States ask tariff increase, Chicago meeting. Can Republican Party afford to disregard their request?

J. H. MCDANIELS.

Hon. DONALD F. SNOW,

House of Representatives:

More duty on white potatoes affects farmers in 40 States. Feel 50 per cent increase in duty badly needed.

BALDWIN DOHERTY Co.,
Growers and Shippers.

MARS HILL, ME., May 8, 1929.

Hon. DONALD F. SNOW,

House of Representatives, Washington, D. C.:

DEAR SIR: The farmers of Maine are astonished to find that our main crop, white potatoes, are omitted from protection in the proposed new tariff revision. Over 70,000 inhabitants of Aroostook County alone are absolutely dependent upon the income from the potato crop for not only their prosperity, but also their actual bare living. This living is continually jeopardized by heavy annual plantings of potatoes in the maritime provinces of Canada, largely intended for disposal in New England markets. Each year they interfere with the orderly marketing of the Maine crop. No better illustration of the damage done to potato growers can be cited than that existing at present. The farmers of United States raised last year a very large crop of potatoes and consequently have been forced to sell them during the past 12 months to consumers at prices netting farmers only from one-tenth to one-half of the cost of production. Due to a light acreage of new potatoes planted this spring, the present demand for old potatoes has been greater than expected, and consequently, for the first time in a year, potato prices have advanced to a point where they netted farmers the cost of production. What happened? Immediately Canada began loading heavily and selling to our New England markets at lower prices. The result is that, in the four days of April 30, May 1, 2, and 3, over 7,000,000 pounds of Canadian potatoes have been dumped into our New England markets with consequence of glutted markets, lower prices, and the demand for fresh shipments of Maine potatoes has practically stopped at present. It is urgent that you turn your efforts to seeking immediate relief from this condition, as a real emergency exists.

JOHN J. EDMUNDS.
A. B. CLEMENT.
M. A. WHITTEN.
E. L. MORRIS.
HOVEY & CO.
A. O. NUTTER.
HARRY YORK.
FRED C. HANSON.
WILLIAM B. BROWN.
E. A. WELCH.
ERNEST J. SMITH.
GROVER L. JOHNSON.
PERLEY E. ACKERSON.

WALTER HANSEN.
HIRAM ADELMAN.
WILLIAM GRASS.
L. M. BEEM.
L. V. KEENAN.
O. J. COLBATH.
CHAS. A. GALLUPE.
GUY BROWN.
THOMAS R. YORK.
FRED CLIFF.
VAUGHN BUBAR.
YORK & FENDERSON.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. HAWLEY. Mr. Chairman, I yield the gentleman one additional minute.

Mr. GARNER. Will the gentleman yield?

Mr. SNOW. Yes.

Mr. GARNER. The gentleman from Maine should have had a different subcommittee. If he had had the gentleman from Washington on his subcommittee, he would have gotten an increase on potatoes, because they give the manufactured article of potato starch an increase of 33½ per cent, but they neglect the farmer. However, whenever the manufacturer is interested they always give him an increase.

Mr. SNOW. Mr. Chairman, the chairman of the Ways and Means Committee, Mr. HAWLEY, kindly yielded me an additional minute and the Democratic floor leader, Mr. GARNER, has just spoken a minute; is that to be taken out of my time?

The CHAIRMAN. Yes.

Mr. GARNER. I will yield the gentleman from Maine [Mr. SNOW] one minute.

Mr. SNOW. The kindness of the gentleman from Texas [Mr. GARNER] is appreciated by me. I am very proud to be a Republican Member of this House of Representatives, pride myself upon being a regular Republican, and will be actually sick if I am in any way forced to break away from the Republican organization. The Republican leadership of this House is very strong under such leaders as Representatives LONGWORTH, TRISON, and SNELL, and there is no Republican Member of this House more anxious to follow their leadership than am I.

However, facts are facts. The present tariff on potatoes is such that the potato market in the Eastern States to-day is being absolutely ruined by the importation of Canadian potatoes. The tariff on potatoes is too low and should be raised. This special session of Congress was called by President Hoover for the avowed purpose of affording relief to the farmers of the

United States. The potato farmers of my district are getting no relief; they are actually on the verge of bankruptcy, and are entitled to as much relief as any farmers in the country to-day.

These protest telegrams have been sent me by farmers, bankers, merchants, officers of the grange, and directors of various agricultural associations, in fact by the solid, substantial, leading people of my district—95 per cent of them being Republicans who have voted the Republican ticket all of their lives. They protest, and their protest is absolutely justified. If an increased tariff on potatoes is not justified right now, then I submit that there is not one single product of the field or factory which deserves the benefit of a protective tariff to-day.

Shingles, bricks, cement, and glass have been very carefully provided for. What has this to do with farm relief? Before taking care of these products why not, in order to carry out the purpose for which this special session was especially called, first protect by adequate tariff rates all of the farmers in all of the sections of the country. [Applause.]

Mr. GARNER. Mr. Chairman, I yield 20 minutes to the gentleman from Alabama [Mr. PATTERSON].

Mr. PATTERSON. Mr. Chairman, ladies and gentlemen of the committee, I do not find myself in position to threaten a bolt like some of the gentlemen who have spoken, but I want to speak to you gentlemen for a few minutes, and I recognize the fact that I have to speak mostly to the Republican side of the House.

I am interested in a great national product which I believe and which the statistics show, needs protection.

Graphite is one of the most important mineral products in the United States. It is especially important in times of great national crises when we have wars and so on.

We found ourselves at the beginning of the World War faced with a great handicap in trying to provide graphite for our industries. Graphite was used at that time mostly in the manufacture of steel crucibles. Our graphite industry is widely scattered over the different sections of the United States and reaches from New York on the northeast to California and from Montana to Alabama, through the central part of the country. About 15 States contain rich graphite deposits.

The industry developed quite rapidly in the United States during the World War when we could not import graphite from Ceylon and Madagascar, but as soon as the war closed, when the world markets were opened, these countries began to pour graphite into our ports and the price of graphite came down at once. This resulted in closing down many of our graphite mines.

We are having imported to-day about 80 per cent of the consumption, whereas the figures of the American Mining Congress and other investigations show that we ought to be producing out of our own mines about 80 per cent and have just an inverse proportion to what we have now; in other words, we should be importing about 20 per cent and producing about 80 per cent.

I want to read you a few things I have here that I think will be interesting.

In 1922 we sought relief from Congress by asking a tariff of 6 cents per pound on graphite and we secured a tariff of 1½ cents, which is inadequate and does not protect us. This was on flake graphite. In order to have the industry protected we would need 5 cents per pound. We would like to have this increase, but instead of that we find in the bill, which has just been reported, that it is reduced from 1½ cents per pound on crystalline flake, to 1¼ cents per pound.

No man who has appeared on the floor to discuss the different schedules has explained why this reduction has been made. They have not even discussed paragraph 213. I asked the distinguished gentleman from Pennsylvania in regard to it the other day, and he said, "I am in sympathy with you; I think the industry ought to be protected."

I will not have time to go into a discussion of all the matters involved, but I want to refer to the recent hearings before the Ways and Means Committee.

The Dixon Crucible Co. stated that if an increase in the duty on graphite was granted the producer it would necessitate the crucible manufacturers raising the price to the consumer. We claim that the crucible manufacturer is already protected with a high tariff so that he can easily absorb the small increase that the producer is asking. Mr. Schermerhorn, who represented this company, appeared before the Ways and Means Committee, and I want to show you what he stated in reply to some questions, and then I want to show you what the facts really are, according to the statistics, so that you may see whether he was trying to dodge the issue or whether he came out frankly and answered the questions.

Mr. GARNER said:

Has your business been profitable in the last 12 or 15 years?

Now, listen. Here is what Mr. Schermerhorn replied:

I would say that it has been profitable to the extent that in the last 15 years we have earned about 6 per cent on our total invested capital.

This is what he answered. He would not make a direct answer, but stated that in the last 15 years he would say it has been profitable and that they had earned about 6 per cent on their invested capital. Let us see what the financial statistics show, and I hope you gentlemen who are interested will listen to this:

In 1914, quoting from Moody's Industrial Statistics compiled in 1928, they paid 110 per cent dividends—this was 15 years ago—in 1915, 15 per cent; in 1916, 50 per cent; in 1917, 100 per cent; in 1918 and in 1919, 50 per cent; in 1920, 17½ per cent—cash and 150 per cent stock dividends. They increased their capitalization from \$2,000,000 to \$5,000,000, and since that time on their entire capitalization of \$5,000,000, they have paid on the average 8 per cent and some years have paid as much as 15 per cent, and in addition to this they have put about \$3,000,000 in the unappropriated surplus.

Mr. CRISP. Will the gentleman yield?

Mr. PATTERSON. Yes.

Mr. CRISP. If you were granted ample protection and this graphite was kept out of importation, have you a sufficient supply in your mines to meet the needs of our industries for many years?

Mr. PATTERSON. Yes. No one would dispute that the mines of the United States could supply the industries of this country for years to come.

There is one other point they have used against us to keep our graphite from getting a tariff and that is that our graphite is not suitable for making crucibles and other uses.

It would be of no use for me to tell you what I might have to say about it, so let me give you what the United States Bureau of Mines has to say about this.

The report from the Department of the Interior November, 1923, when they tested out the different products they took products from several different States in the United States from Madagascar, Canada, and Ceylon, and here is the result.

The average number of heats for some of the American products was 13.1 on an average, the highest number of any product in the world. Madagascar was second. Ceylon third. Canada, which is said to produce a very high grade, had the lowest of any; it was 5.8 on an average. Not only did the product from the United States stand more heat but a higher temperature of heat.

Now I want to be consistent. I do not ask this as a local protection, although I happen to be interested, because some of it is in my district. I do not own a dollar's worth of graphite land in the world. I would not be advocating it because there happens to be some located in my district. I do not appeal to you as a local matter—it is a national question. It is vital and important to have that industry in time of war. In a great national crisis it would be of vital interest to have a supply of graphite for our country.

I want to give you some consolidated figures that will be of interest. These people who are opposing the tariff on the raw product are protected in every item so far as I can find—in every item made of graphite. In one place all the items go in a basket clause giving 45 per cent ad valorem on the different products manufactured.

We are asking for a small protection in order that our mines may operate in the United States and build up the industry here.

The crucible people say that they own mines in the South that are not working. I think I can tell you why they are not working. It is because other mines in the United States are not working, because they can import the graphite from foreign countries cheaper.

Mr. ARENTZ. Will the gentleman yield?

Mr. PATTERSON. I yield.

Mr. ARENTZ. I think the gentleman will admit that the mining industry does not follow industries elsewhere, and that men of 45 and 60 years of age are employed. It has got to a point where the industry generally wants young men. While in the mining industry, the older men are, the more careful they are, and they want them. So if he can enhance the condition of the mines we will be taking care of men who will not be employed in other industries.

Mr. PATTERSON. I thank the gentleman for his suggestion. Now, in these localities where these mines are the people are in dire circumstances because the land is so poor that it is not good farming land, and if the mines had a little protection they would start up and give employment to this labor. And as the gentleman from Nevada says, they will hire men of that age

that other industries will not hire and it will give double benefit.

Mr. TILSON. Will the gentleman yield?

Mr. PATTERSON. I yield.

Mr. TILSON. I know the gentleman is much in earnest for the protection he seeks. If we should grant that relief, will the gentleman vote for the bill?

Mr. PATTERSON. I thank the gentleman from Connecticut for the question. I do not think the gentleman would expect me to agree to support a bill simply because I was interested in one item until I saw what the bill was in its final make-up.

Mr. TILSON. The gentleman has seen the bill and admits that it gives relief to others. Will the gentleman support the bill if we take care of his request?

Mr. PATTERSON. I never posed as a free trader and I do not believe my party is a free-trade party. But I must say to the distinguished gentleman from Connecticut that I could not nor would not bind myself to support a bill when I do not know what it will contain when it is presented to the House for its final passage, even though I had a promise that as important an item as graphite would be adequately protected, and, of course, too, no one has made any such promise as that.

Mr. SCHAFER of Wisconsin. Before deciding whether the gentleman will support the bill, he would have to see the bill in the form in which it would come before the House for a vote.

Mr. PATTERSON. I certainly would have to see that; yes.

Mr. O'CONNOR of Louisiana. And does that express the attitude of the gentleman from Wisconsin also toward the bill?

Mr. SCHAFER of Wisconsin. It certainly does.

Mr. O'CONNOR of Louisiana. In other words, the gentleman does not know whether he will support this bill or not until it comes out of the Republican conference?

Mr. PATTERSON. Mr. Chairman, I hope the Committee on Ways and Means, when they meet in their conference, will consider giving us an adequate tariff, or something approaching an adequate tariff, on graphite, so that we may be able to open the industry again in this country. I do not think there is any industry that you could give protection to where there is more between that protection and the consumer to take up the slack and not put the burden on the consumer. I recognize that the consumer has to be considered. I was talking to a graphite man a few days ago who said that the raw product costs from 2 to 8 cents a pound, and when you have to pay the manufacturer to buy the manufactured product you have to pay as high as 85 cents a pound. I hope the committee will give us a reasonable tariff so that we may be able to open up our mines and develop this great industry in our country.

I would like to tell you a story of what happened in the graphite fields during the war. This tells the story of the class of labor in whose interest I appeal to you. Some gentleman was speaking for the Red Cross during one of the Red Cross drives. He went to the graphite mines in Alabama and asked the men each to give a day's wage to the Red Cross. Of course, the men just hollered and all agreed to do that. When the man finished and was walking out he saw a one-legged man who was standing there on his crutch. He did not even have an artificial leg. He was working in the mine. This man said to him, "Cap, I liked your speech, and I want to give you \$5 for the Red Cross to be sent to the boys over yonder." The man replied, "Why, you don't earn \$5 a day, do you?" "No," replied the man, "I earn \$2.50 a day, but I want to give you \$5 to carry to the boys over yonder."

That is an evidence of the patriotism and the spirit of the working men in the graphite fields of our country, and they are the men in whose interest I appeal to you.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. PATTERSON. Yes.

Mr. GARNER. I suppose the gentleman knows that the crucible steel people were given an increase all along the line?

Mr. PATTERSON. Yes.

Mr. GARNER. But they left your graphite where it is. It was a raw material. Of course the manufacturer got his, but the raw material people did not get theirs in this bill.

Mr. PATTERSON. I hope that we will get it before we are through.

Mr. MICHENER. What rate does the gentleman suggest?

Mr. PATTERSON. I hope that this committee will give us not less than 3 cents. We ought to have 5 cents, but if we get 3 cents it would help out.

Mr. MICHENER. Do you want enough to prevent competition?

Mr. PATTERSON. No. We want enough to put it on a parity with the industry of the other countries whose daily

wage amounts to 38 and 40 cents in many instances or even less. It is not our desire to cut out competition, but we want only an opportunity to compete, which is impossible now. I want now to give you my synopsis of 10 reasons why American graphite should be adequately protected:

First. Graphite is a war necessity and the United States should be independent of all foreign countries with regard to all war minerals.

Second. In case of trouble the country can be much better served by a going concern than it was in the early stages of the World War while mines were being opened up, machinery bought and assembled, plants built, and so forth.

Third. An equal opportunity to the American market belongs to Americans by right. Their energy and brains made it. The foreigner comes into our market by privilege, and we are not asking here that he be excluded, but that we may be able to compete with him.

Fourth. It has been clearly demonstrated, and the proofs are in the record, that American flake graphite is equal in every respect to any foreign graphite for any purpose and superior for most purposes.

Fifth. If adequate protection is granted to the American graphite industry the price of graphite products to the consumer can and will be reduced. In fact, better products will be made and sold to the consumer for less than he is now paying for inferior products.

Sixth. Adequate protection to the graphite industry will mean increased activity in various other lines of business, the employment of thousands of additional workmen, and add generally to the prosperity of the country.

Seventh. Graphite is the most important member of the carbon family and an absolute necessity in everyday peace times, to say nothing of its vital necessity in time of war.

Eighth. New and important uses for graphite will be developed, all helping to maintain the American position of leadership in the industrial world.

Ninth. Foreign countries are protected against us in the matter of graphite.

Tenth. All grades of graphite should be put upon a specific rate basis in order to check foreign shipments at our custom-houses. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. HAWLEY. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. SNELL, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 2667) to readjust the tariff and had come to no resolution thereon.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee did, on this day, present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 59. Joint resolution to extend the provisions of Public Resolution No. 92, Seventieth Congress, approved February 25, 1929.

ADJOURNMENT

Mr. HAWLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 42 minutes p. m.) the House adjourned until to-morrow, Tuesday, May 14, 1929, at 12 o'clock, noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

16. A letter from the Secretary of War, transmitting report from the Chief of Engineers on preliminary examination and survey of Three Mile Harbor and Gardiners Bay, N. Y.; to the Committee on Rivers and Harbors.

17. A letter from the Secretary of War, transmitting report from the Chief of Engineers on preliminary examination of Oconto Harbor, Wis.; to the Committee on Rivers and Harbors.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JAMES (by request of the War Department): A bill (H. R. 2894) to authorize appropriations for payment of services and expenses for apprehension of deserters, and for other purposes; to the Committee on Military Affairs.

Also (by request of the War Department), a bill (H. R. 2895) to authorize the sale of surplus War Department real property at Jeffersonville, Ind.; to the Committee on Military Affairs.

Also (by request of the War Department), a bill (H. R. 2896) to authorize aides to the Chief of Staff of the Army; to the Committee on Military Affairs.

Also (by request of the War Department), a bill (H. R. 2897) to provide further for the national security and defense; to the Committee on Military Affairs.

By Mr. MEAD: A bill (H. R. 2898) to provide a shorter work day on Saturday for postal employees, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. DRIVER: A bill (H. R. 2899) to amend the act approved May 15, 1928, entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes"; to the Committee on Flood Control.

By Mr. WAINWRIGHT: A bill (H. R. 2900) to prohibit the training of any person after his twenty-fourth birthday in the citizens' military training camps; to the Committee on Military Affairs.

By Mr. CARTWRIGHT: A bill (H. R. 2901) providing for the purchase by the United States of the segregated coal and asphalt deposits in Oklahoma from the Choctaw and Chickasaw Tribes of Indians; to the Committee on Indian Affairs.

By Mr. CLARKE of New York: A bill (H. R. 2902) to authorize the sale of the Government property acquired for post-office site in Binghamton, N. Y.; to the Committee on Public Buildings and Grounds.

By Mr. GIBSON: A bill (H. R. 2903) to provide for the appointment of two additional justices of the Supreme Court of the District of Columbia; to the Committee on the Judiciary.

Also, a bill (H. R. 2904) to provide for the appointment of two additional justices of the Court of Appeals of the District of Columbia; to the Committee on the Judiciary.

By Mr. MEAD: Joint resolution (H. J. Res. 72) to provide for the preparation, printing, and distribution of pamphlets containing the history of Brig. Gen. Casimir Pulaski, Revolutionary War hero, on occasion of the one hundred and fiftieth anniversary of the death of Brig. Gen. Casimir Pulaski on October 11, 1929, with certain biographical sketches and explanatory matter; to the Committee on Printing.

By Mr. BECK: Joint resolution (H. J. Res. 73) to amend the act entitled "An act to incorporate the American Hospital of Paris," approved January 30, 1913; to the Committee on the Judiciary.

By Mr. ELLIOTT: Resolution (H. Res. 44) to print the addresses delivered in the auditorium of the United States Chamber of Commerce Building at a meeting held in Washington, D. C., on April 25 and 26, 1929, for the purpose of discussing the development of the National Capital; to the Committee on Printing.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the Territory of Hawaii, urging Congress of the United States to so amend the provisions of section 83 of the organic act that the Legislature of the Territory of Hawaii may enact a law permitting women to serve on juries; to the Committee on the Territories.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BAIRD: A bill (H. R. 2905) granting an increase of pension to Cora Spencer; to the Committee on Invalid Pensions.

By Mr. BOHN: A bill (H. R. 2906) providing for a preliminary examination and survey of the harbor at St. Ignace, Mackinac County, Mich.; to the Committee on Rivers and Harbors.

By Mr. CABLE: A bill (H. R. 2907) granting an increase of pension to Laura Mitchell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2908) granting an increase of pension to Mary Vicks; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2909) granting a pension to Jessie Hoyt; to the Committee on Invalid Pensions.

By Mr. CRADDOCK: A bill (H. R. 2910) granting a pension to Florence Robbins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2911) granting an increase of pension to Mary Matthis; to the Committee on Invalid Pensions.

By Mr. EATON of Colorado: A bill (H. R. 2912) granting a pension to Jennie Cousins; to the Committee on Invalid Pensions.

By Mr. ELLIOTT: A bill (H. R. 2913) granting a pension to Christian Gansert, alias Christian Ganshirt, alias Christian Gausert, alias Christian Gunshirt; to the Committee on Invalid Pensions.

By Mr. FISH: A bill (H. R. 2914) granting a pension to Charles Lomax; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2915) granting an increase of pension to Hannah Mosher; to the Committee on Invalid Pensions.

By Mr. HOGG: A bill (H. R. 2916) for the relief of Martin L. Grose; to the Committee on Military Affairs.

By Mr. JOHNSON of Indiana: A bill (H. R. 2917) granting a pension to Flora A. Boker; to the Committee on Pensions.

Also, a bill (H. R. 2918) granting a pension to John A. Winders; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2919) granting an increase of pension to Sarah E. Thomas; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2920) granting an increase of pension to Orlena Wildman; to the Committee on Invalid Pensions.

By Mr. JOHNSTON of Missouri: A bill (H. R. 2921) granting a pension to Albert Ware; to the Committee on Invalid Pensions.

By Mr. LEHLBACH: A bill (H. R. 2922) for the relief of the High Clothing Co. (Inc.); to the Committee on Claims.

By Mr. MILLIGAN: A bill (H. R. 2923) granting a pension to Martha E. Lancaster; to the Committee on Invalid Pensions.

By Mr. O'CONNOR of Louisiana: A bill (H. R. 2924) granting a pension to Claudia V. Hester; to the Committee on Pensions.

By Mr. PALMER: A bill (H. R. 2925) granting a pension to Sophia Deke; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2926) granting a pension to Peter Thornton Wolford; to the Committee on Invalid Pensions.

By Mr. ROWBOTTOM: A bill (H. R. 2927) granting an increase of pension to Emma Phillips; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2928) granting an increase of pension to Olive Marvel; to the Committee on Invalid Pensions.

By Mr. SHORT of Missouri: A bill (H. R. 2929) granting a pension to Nora M. Woodson; to the Committee on Invalid Pensions.

By Mr. SHREVE: A bill (H. R. 2930) granting an increase of pension to Sarah J. Dye; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2931) granting an increase of pension to Fannie E. Lord; to the Committee on Invalid Pensions.

Also, a bill (H. R. 2932) granting a pension to Benjamin F. Moorehouse; to the Committee on Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 2933) for the relief of William H. Peer; to the Committee on Claims.

By Mr. SNELL: A bill (H. R. 2934) granting a pension to Constance M. Merrick; to the Committee on Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 2935) granting an increase of pension to Nellie Crawford; to the Committee on Invalid Pensions.

By Mr. WOODRUFF: A bill (H. R. 2936) to provide for the survey of the Tittabawassee and Chippewa Rivers, Mich., with a view to the prevention and control of floods; to the Committee on Flood Control.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

388. Petition of the Theatrical Stage Employees Local 16, of San Francisco, Calif., memorializing Congress of the United States for a reduction of 50 per cent in the Federal tax on earned incomes; to the Committee on Ways and Means.

389. By Mr. GARBER of Oklahoma: Petition of Roy V. Hoffman Camp, No. 8, United Spanish War Veterans, department of Oklahoma, urging support of the legislation proposed in Senate bill 476 of the Seventieth Congress; to the Committee on Pensions.

390. Also, petition of the Wheeler, Osgood Co., Tacoma, Wash., in support of tariff on logs; to the Committee on Ways and Means.

391. Also, petition of Junior Owens, secretary of American Bottlers of Carbonated Beverages, in opposition to tariff on sugar; to the Committee on Ways and Means.

392. Also, petition of Great Northern Chair Co., of Chicago, Ill., in support of tariff on bent-wood chairs imported from Poland and Czechoslovakia; to the Committee on Ways and Means.

393. Also, petition of A. W. Cooper, Portland, Oreg., in opposition to tariff on lumber; to the Committee on Ways and Means.

394. By Mr. GRIEST: Petition of Eby Shoe Co., Lititz, Pa., protesting against placing shoes on free list; to the Committee on Ways and Means.

395. By Mr. MEAD: Petition of Foreign Service Camp, No. 87, United Spanish War Veterans, Department of New York, urging an increase of pensions for Spanish War veterans; to the Committee on Pensions.

396. Also, petition of Chamber of Commerce of the Tonawandas, urging a duty on dressed lumber imported from Canada; to the Committee on Ways and Means.

397. Also, petition of Meneely & Co. (Inc.), Watervliet, N. Y., protesting any discrimination against United States bell founders; to the Committee on Ways and Means.

398. By Mr. MANLOVE: Petition of Sarah J. Francis, Mary T. Ream, William T. Phillips, and others, petitioning Congress to pass more liberal pension legislation; to the Committee on Invalid Pensions.

399. By Mr. O'CONNELL of New York: Petition of the National Association United States Customs Inspectors, Rouses Point Local, Rouses Point, N. Y., favoring the elimination of paragraph (b) from section 451, so that the section will remain the same as in the tariff act of 1922; to the Committee on Ways and Means.

SENATE

TUESDAY, May 14, 1929

(Legislative day of Tuesday, May 7, 1929)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Gillett	McMaster	Smoot
Ashurst	Glass	McNary	Steck
Barkley	Glenn	Metcalf	Stelwer
Black	Goff	Moses	Stephens
Blaine	Goldsborough	Norbeck	Swanson
Blease	Gould	Norris	Thomas, Idaho
Borah	Greene	Nye	Thomas, Okla.
Brookhart	Hale	Oddie	Townsend
Broussard	Harris	Overman	Trammell
Burton	Harrison	Patterson	Tydings
Capper	Hastings	Phipps	Tyson
Caraway	Hatfield	Pine	Vandenberg
Connally	Hawes	Pittman	Wagner
Couzens	Hayden	Ransdell	Walcott
Cutting	Hebert	Reed	Walsh, Mass.
Dale	Hedin	Robinson, Ark.	Walsh, Mont.
Deneen	Howell	Robinson, Ind.	Warren
Dill	Johnson	Sackett	Waterman
Edge	Kean	Schall	Watson
Fess	Keyes	Sheppard	Wheeler
Fletcher	King	Shortridge	
Frazier	La Follette	Simmons	
George	McKellar	Smith	

Mr. DILL. I desire to announce that my colleague the senior Senator from Washington [Mr. Jones] is absent on account of illness. I will let this announcement stand for the day.

Mr. WAGNER. I wish to announce that my colleague the senior Senator from New York [Mr. Copeland] is necessarily absent for the day.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

PETITIONS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition signed by Minnie Screechfield, national representative, Daytonia Council, No. 8, Daughters of America, of Dayton, Ohio, praying for the retention of the national-origins clause in the immigration law, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution indorsed by Local Union No. 16, Theatrical Stage Employees, of San Francisco, Calif., favoring a reduction of 50 per cent in the Federal tax on earned incomes, which was referred to the Committee on Finance.

GEORGE A. PARKS, GOVERNOR OF ALASKA

The VICE PRESIDENT laid before the Senate the following resolution of the House of Representatives of the Territory of Alaska, which was referred to the Committee on Territories and Insular Possessions:

House Resolution 2 (by Messrs. Foster and Lomen)

IN THE HOUSE,

IN THE LEGISLATURE OF THE TERRITORY OF ALASKA,

NINTH SESSION.

Be it resolved by the House of Representatives of the Alaska Territorial Legislature in ninth regular session assembled, That we com-